Personal Financial Planning Practices of College Faculty Members - A Study

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Abstract

A planned approach towards managing the personal finance may often be rewarding for an individual. However, personal financial planning cannot be practiced by every individual. Only persons with stable source of income with a systematic attitude towards achieving his or her long-term financial goals, are expected to practice such a process. Since different categories of individuals come from different economic setting and educational background and possess different attitude towards risk, analysing their personal financial planning practices may bring out important insights about their decision-making process, which can be of great help to the financial planners and financial institutions offering investment products.

In this context, the present study makes a humble attempt to explore the attitude towards personal financial planning of an important category of individuals namely the fulltime college faculty members. Based on the information collected from 92 respondents across 16 colleges affiliated under the University of Calcutta and spread across 3 districts, the study brings out interesting trends and individual preferences. While a general awareness about the personal financial planning is not unobservable, respondents are found not resorting to any professional help. Avoidance of market linked investments is also a striking feature. The study also finds significant difference between the respondents according to their age and the stream to which they belong (commerce vs. non-commerce) with respect to their attitude towards different financial planning needs. However, no significant difference has been observed according to the gender of the respondents.

Keywords: Personal finance, financial planners, college faculty members.

1. Introduction

Proper utilisation of financial resources is the key to success for any business organisation. This is why systematic techniques of financial management are always in use in this type of organisations. However, such an approach cannot be undermined even in personal financial planning, rather, a planned approach towards managing the personal finance may often be rewarding for an individual. But personal financial planning cannot be practiced by every individual. Only persons with stable source of income with a systematic attitude towards achieving his or her financial goals are expected to practice such a process. However, since different categories of individual come from different economic setting and educational background and possess different attitude towards risk, analysing their personal financial planning practices may bring out important insights about their decision-making process, which can be of great help to the financial planners. In this context, the present study makes a humble attempt to explore the attitude towards personal financial planning of an important category of individuals namely the fulltime college faculty members who also meet the above criteria.

2. Concept of Personal Financial Planning

Personal financial planning refers to the management of available funds of an individual in a systematic manner in order to attain certain short term or long-term financial goals of the incumbent. Such process aims to minimise the impact of future uncertainties on the portfolio constructed and to maximise the return therefrom. In short, *Personal financial planning* is a process of systematically planning one's finances towards achieving his or her short and long-term life goals.

3. Benefits of Personal Financial Planning

Personal financial planning provides immense benefits to an individual. These are as follows:

a) With the help of a proper financial plan an individual can enjoy peace of mind about his or her finances.
b) Proper financial planning helps an individual to have better control over one's money.
c) A good financial planning helps to keep the fund secured.
d) A proper financial plan actually saves the time and makes the investment process hassle free.

e) Financial planning done by a qualified professional assures the investor best possible return given his risk appetite.

f) A properly curated financial plan allows the appropriate degree of flexibility to adjust the portfolio with the changing economic situation or personal priorities.

g) A financial plan optimizes the strategies an individual already has in place.

4. General Steps in Personal Financial Planning

Personal financial planning is always customised and has to be designed with great care after due consideration of the future financial goals of the investor as well as his risk preference. Still such attempts must adhere to the following systematic procedure in general.

a) ***Assessment of client*:** This involves identification of the financial status of the individual based on certain information like accumulated wealth (inherited or otherwise), actual source of income, expenses and monthly savings, prospective retirement age and current investment status. This step also requires to clearly identify the risk appetite of the investor.

b) ***Identifying personal and financial goals of client*:** Personal financial planning is aimed at achieving certain short or long-term personal goals. These personal goals may range from buying a house property or car to planning a foreign holiday or children's education etc. Once the personal goals are decided the same must be translated into financial goals.

c) ***Identifying financial hindrances and lack of opportunities*:** The next step in financial planning is to assess the shortcomings or hindrances in achieving the goals identified earlier. Since the future is unpredictable so one should keep contingency plans ready to cover the unusual risk.

d) ***Providing recommendations and alternative solutions*:** Though there may be a number of investment alternatives available, all may not suit the incumbent. Hence a rigorous evaluation of those alternatives has to be done so that the most appropriate one can be selected.

e) ***Implementing an appropriate strategy*:** This step requires the necessary formalities to be carried out to put the strategy into action. Opening of necessary bank accounts, de-mat account, communicating with brokers, preparing necessary documents etc. are some of the initiatives that are to be taken in this step.

f) ***Reviewing and updating plan as and when required*****:** Financial planning is a continuous activity. Thus, a sound plan not only requires serious commitment but also needs regular review so that the plan may be adjusted due to any change in personal goal or economic events.

5. Scope of Personal Financial Planning

The scope of personal financial planning may differ from person to person due to prioritisation of personal goals, limitation of available resources as well as the profession (business or service) of the incumbent. However, in general, personal financial planning includes six broad areas as follows.

a) ***Retirement Planning*****:** Retirement planning refers to the suitable allocation of savings so that an individual can enjoy a financially independent peaceful life after retirement. Possible means available for retirement planning include the following:

- Contribution to provident fund by a salaried individual (mandatory and voluntary contribution).
- Contribution to public provident fund by any individual (including non-salaried persons).
- Subscribing different pension plans (immediate or deferred annuity plans) offered by various insurance companies and others (such as National Pension System in India).
- Regular investment in bank fixed deposits or fixed deposits of NBFCs.

b) ***Tax Planning*****:** Tax planning refers to the process of adopting legitimate ways of reducing the taxable income and tax burden (here of an individual). It requires the knowledge of individual income taxation, tax- sheltered investments and all relevant tax legislation to minimize the tax burden. With respect to India, the areas where tax planning can be effectively done by an individual are as follows:

- Section 80C, 80 CCC and 80CCD: A consolidated deduction of Rs.150000 can be availed by any individual for his investment in certain eligible instruments, payment towards the principal amount of house building loan, contribution to pension fund and National Pension System etc.
- Section 80D: This allows deduction from the gross taxable income for subscribing health insurance plans on the health of an individual, his/her spouse, dependent children and dependent parents. Additional deduction benefits are also offered for senior citizens.

- Section 80DD: This allows deduction for payment towards the treatment of dependents with disability or on amount paid as premium to purchase or maintain an insurance policy for such dependent.
- Section 80DDB: This allows deduction for expense incurred by an individual towards medical treatment of certain diseases.
- Section 80E: This section allows deduction of interest on loan taken by an individual to pursue higher education.

c) ***Planning to Acquire any Movable or Immovable Asset***: An individual may plan to acquire any movable or immovable assets in future and accordingly start saving for the same in a systematic manner. In many cases, however, these purchases are financed by loans. In such situations, the planned savings may be directed to finance the instalments on such loans. Investment in bank fixed deposits or fixed deposits offered by NBFCs or subscribing different mutual fund schemes are the preferred ways to meet the above needs.

d) ***Planning for Children's Education*****:** In developing countries like India, rising education cost is a big concern for parents to secure their child's future. This is why, often, a systematic approach is solicited to arrange the funds that will be required in future to finance his/her higher education. The preferred avenues available in this respect includes different life insurance plans, systematic investment plans (SIP) of mutual fund schemes or the traditional bank products like fixed deposits.

e) ***Planning for any Future Family Events*****:** Big family events like children's marriage after their education or a major foreign trip may also require substantial cash outlay. Financing the same out of regular income, thus, will require a planned approach towards the same. Traditional bank investments or mutual fund SIPs may help a lot in this regard.

f) ***Wealth Accumulation (in General):*** Apart from the above, an individual may aspire to become rich and hence may take up systematic approach towards accumulating wealth for the long term. Though not avoided, traditional bank products do not come useful in this respect, rather, risky investments in direct equity or equity oriented mutual funds, real estate investments are the most suitable options here.

6. Research Problem

Since individuals differ in terms of their educational background, economic standing, the profession they belong to and in terms their attitude towards risk, studying the personal financial planning practices of different categories of individuals may bring out valuable insights for finance practitioners as well as researchers of behavioural finance. Though any category of individuals can be investigated, studies have shown that such an exercise is likely to be very successful on those who have a stable source of income and fixed terms of service. In other words, studies on salaried individuals have higher probability of success in terms of research output.

In our present economic system in India, full time college faculty members can be identified to belong to the above-mentioned category as they enjoy a stable service terms and fixed pay scale. Moreover, the level of education that they are equipped with certainty allows them to adopt a rational and systematic approach towards achieving their long-term goals. Hence, a study to investigate their personal financial planning practices may be of great help to identify meaningful insights about their attitude towards financial planning and investment alternatives. Such insights may be effectively utilised by the practitioners to devise customised product offerings for this class. Similarly, the results may be of great help to the researchers to understand the behavioural pattern of this category of individuals so far as the financial decision making is concerned.

This can be considered an adequate impetus behind taking up an in-depth study on personal financial planning practices of fulltime college faculty members.

7. Literature Review

Studies on personal financial planning of individuals is really scanty both in international as well as national context. Still the following are noteworthy in this respect.

- ***Studies in International Context*:**

Zhou (2003) conducted a study on post- retirement financial planning. The findings showed that optimal allocation strategies vary in different situations and were not trivial or intuitive.

Murphy and Yetmar (2010) undertook a survey on the personal financial planning attitude of MBA students in USA. Most of them felt that personal financial planning was important but very few of them possessed skill and knowledge about personal financial planning.

Klapper and Panos (2011) conducted an examination of the relationship between financial literacy and retirement planning in Russia. The findings confirmed that financial literacy was significantly and positively related to retirement planning involving private pension funds.

- ***Studies in Indian Context*:**

Das (2006) found that tax planning is very much helpful in minimizing the burden of income tax for incurring expenses on children education as well as having total exemption available.

Mittal and Vyas (2008) identified that certain cognitive and emotional weaknesses of investors come in the way of their investment decisions. Moreover, factors such as age, income, education and marital status affect an individual's investment decision.

Krishnamoorthy (2008) analysed the awareness and attitude of salaried class towards investment. Based on the opinion collected through structured questionnaire from 133 respondents, he found that while all salaried people were aware of bank deposits, PF schemes, insurance schemes, post office savings schemes and gold, the awareness level towards mutual fund schemes was really low.

Kathuria and Singhania (2010) analysed the level of knowledge of investment avenues and present investment practices of employees of private sector banks in Ludhiana city. The findings of the study revealed that majority of the respondents had invested in secured mode of investments and that use of investment planners was not yet a common phenomenon.

Bhardwaj et al. (2011) made an analysis of income and savings pattern of government and private teachers. The study revealed that both the groups used bank deposits and life insurance for investment. However, they differed significantly in their objective of savings. While government school teachers saved for emergency and security, the private teachers saved for children education and purchase of consumer durable.

Pandiyan and Aranganathan (2012) investigated the attitude of the salaried people on savings or investments. Using factor analysis of the opinion data of 520 respondents from Cuddalore district, they identified seven underlying dimensions of savings or investments.

Sood and Medury (2012) found that investment in safe modes is preferred by government employees, high earners and employees in the age group of 31 to 40 years, while more risky avenues are opted by private employees, low earning individuals and employees in the age group of 41 to 50 years.

8. Research Gap

Our extensive literature survey identifies the following important points.

- Studies made so far focused largely on the individuals working in Corporate Sector.

- Only one or two studies focused on the individuals working in education sector. Not a single study was found on college faculty members.
- Most of the studies were made on either retirement planning or insurance planning.
- No comprehensive study was found on the overall financial planning practices of individuals.

Thus, there exists sufficient gap with respect to any research attempt to study the trends and determinants of personal financial planning practices of fulltime college faculty members. The study is a sincere endeavour in this direction with special reference to West Bengal.

9. Objectives of the Study

The primary objective of the study is to investigate the attitude of college faculty members (who enjoy a structured income as well as are equipped with sufficient knowledge) towards financial planning as a mean to achieve their predetermined goals. However, in this process the study also attempts to address the following secondary objectives.

- To understand the trends in personal financial planning practices of the fulltime college faculty members.
- To identify the major determinants of their personal financial planning practices.
- To identify whether there is any significant difference between male and female faculty members in their attitude towards financial planning.
- To identify whether there is any significant difference between the Commerce and Non-Commerce faculty members in their attitude towards financial planning.
- To identify whether there is any significant difference among the fulltime college teachers in their attitude towards financial planning due to their age.

10. Research Methodology

- ***Nature of the study*****:** The study is empirical in nature and is based on primary data collected through survey.
- ***Sample and Data Collection*****:** For the purpose of the study, we have considered the fulltime college faculty members of 16 colleges out of 168 affiliated colleges (including Teachers' Training Colleges and Self-Financing Colleges) under the jurisdiction of University of Calcutta as. Out of these 16 selected colleges 13 are from Kolkata District, 1 is from Howrah District and 2 are from South 24 Pargana

District. The above selection of colleges was done purely on the basis of convenience sampling.

Structured questionnaire segregated into three segments (namely Demographic Profile of the Respondent, General Awareness about Financial Planning and Details of the Financial Planning Exercises) were distributed to only those fulltime college faculty members who agreed to participate in the survey. Accordingly, 94 individual responses were collected in this process. Due to incomplete information, two responses were rejected. Thus, our final sample comprised 92 valid responses. The questions included in the second and third part of the questionnaire were either 'Yes' or 'No' types questions or required the respondent to select one or more options out of the options given. No formal scale had been used to collect the responses. (The questionnaire used in the study has been given at the end in Appendix of this article)

The sample may be considered representative as the population units can be thought of to be homogeneous to a large extent considering their same job profile, service conditions and non-asymmetric access to information due to easy availability of information relating to financial products through electronic and print media.

- ***Period of the Study*:** The study was conducted during April 2016 to October 2016.
- ***Research Methods Used*:** The study mainly used the traditional statistical tools like Frequency Tables and Percentages to analyse the trends in personal financial planning among the respondents. Additionally, independence of attribute test (a Chi-Square test also known as Cross Tab in SPSS) was also performed to test whether the attitude of the respondents differ according to gender (i.e. male or female), discipline of study (commerce or non-commerce) and age.
- ***Software Used*:** The study used SPSS 15.0 for summarising the data and analysing the same.

11. Empirical Findings:

The findings of the study are discussed below.

A. ***Composition of the Sample*:** As mentioned earlier, our final sample consists of 92 respondents. Out of these 92 respondents, 60 are male and 32 are female. Again, as per the discipline to which they belong, 23 are from commerce discipline while the rest are from other disciplines. Finally, of these 92 respondents, 28 are above 50 years of age while 40 respondents are from 40 to 50 years and only 24 are below 40 years of age. Most of the respondents from '40-50 years' age group and all from the 'above 50' years age group are found to be associate professor, the highest rank for a UGC approved full time college teacher, while all of the 24 respondents from below 40 years age group are found be assistant professor, the entry level rank for college teachers.

B. ***On Overall Attitude towards Financial Planning*****:** 97% of both the male and female respondents are found to be really aware of the need for a personal financial planning. Among the commerce group, the percentage is understandably high (100%) while the same is not so low (96%) among the non-commerce group. The respondents in 40-50 years age group are found to be most aware (97.5%) followed by below 40 years' age group (95.8%). Respondents from the 'above 50 years' age group are found to be least aware (93%). Thus, there is high awareness, in general, among the fulltime faculty members so far as the need for a planned approach towards personal financial planning is concerned.

Though, there prevails a general awareness, the respondents lack serious effort in actually practicing a well-defined personal financial plan. This is evident in the following table.

Table 1: Percentage of respondents adopting different personal financial planning

Particulars	Male	Female	Commerce	Non-commerce	Below 40Years	40-50 Years	Above 50 Years
Tax Planning	100	100	100	100	100	100	100
Retirement Planning	70	72	87	64	58	68	89
Planning to Acquire a House	35	50	43	41	42	43	43
Planning to Acquire car	35	47	43	41	42	43	43
Children's Education	58	50	70	51	33	70	57
Children's Marriage	12	6	9	13	13	13	11
Wealth Accumulation	40	53	48	48	33	63	39
Any Other	12	16	22	7	8	13	18

Results show that, respondents irrespective of gender, discipline and age undertake tax planning. However, this is only due to the fact that a mandatory contribution is made by all of them towards provident fund which qualifies for deduction under Section 80 C. Among others, retirement planning and children education planning are also found to attract the interest of the respondents. A general attempt is also visible on the part of every respondent for wealth accumulation. A detailed analysis of each of these planning strategies has been done in the following sections.

Though majority of the respondents are found to undertake financial planning, only a few have reported to have taken the help any financial planner. This shows a lack of professional attitude towards the issue as, excepting those belonging to commerce discipline, others hardly possess the required technical knowledge to manage their financial plans or investment portfolio efficiently on their own.

C. *Attitude towards Each Individual Planning Practice*:

- *Tax Planning*:

The following table shows the individual preferences towards various tax saving avenues.

Table 2: Percentage of respondents adopting different tax planning tools

Instruments	Gender		Discipline		Age (Years)		
	Male	Female	Commerce	Non-Commerce	Below 40	40-50	Above 50
Mandatory contribution to PF	100	100	100	100	100	100	100
Voluntary contribution to PF	18	28	30	17	13	23	25
Public Provident Fund	58	81	78	65	67	78	61
National Pension Scheme	7	9	17	6	13	5	7
Life Insurance Premium	65	84	91	75	67	88	82
Unit Linked Investment Plan	7	12	9	9	8	8	11
Tax Savings term Deposits	8	16	9	9	13	13	7
Infrastructure Bond/Tax Free Bond	10	31	35	14	8	25	29
Pension Plan qualified u/s 80C, 80CCC	17	16	22	16	13	10	32
Any others (e.g., House Building Loan)	18	28	17	30	29	33	18
Total Contribution over Rs. 1 Lakh	62	59	87	57	50	60	68
Mediclaim Availed	70	78	78	71	58	73	86

(a) Male vs. Female Respondents: 100% of the respondent of both groups are found to undertake tax planning. Even when contribution to P.F is excluded, the percentage is found to be higher than 90%. This shows that the respondents are actively involved in tax planning through other means also. The aggregate contribution to all the savings schemes well surpassed Rs. 100000 for majority of the respondents in both groups which confirms that they are utilising the full benefit of 80C. With regard to their preferences for tax saving instruments, it is found that PPF and life insurance are the most preferred investment choices followed by pension plans offered by insurance companies. Many are also found to use house building loan instalments (principal only) for availing tax benefit. Unfortunately, ULIP or NPS could not attract the attention of many. Another interesting point to be noted here is that more than 70% of the respondents in both groups are also subscribing to health insurance policies and majority of them are paying premium more than Rs.10000.

(b) Commerce vs. Non-commerce Respondents: Excluding contribution to P.F, the percentage of respondents availing other tax planning avenues is found to be well above 90%. The aggregate contribution of more than Rs. 100000 is, however, found to be more frequent among commerce respondents (87%) than their non-commerce counterparts (57%). This is well understandable as commerce people are more confident to invest in those tax saving instruments due to their knowledge. With regard to their preferences for tax saving instruments, it is found that subscribing a life insurance policy is the most popular among the respondents followed by Contribution to PPF. Unfortunately subscribing to ULIP and Tax Savings Term Deposits is found to be the least preferable. Similarly, NPS and Pension Plans offered by other companies also have failed to cater the attention of the respondents with less than 25% of the sample respondents actually using the same. This means safe mode of investments protected from market volatilities and risk covering are the main objectives while choosing the instruments. Such risk averse attitude is more prominent among non-commerce respondents. In addition to the instruments under 80C, respondents are also found to subscribe health insurance policies. Here also, the commerce group outperform the other group.

(c) Respondents of Different Age Groups: Excluding contribution to P.F from the list, we find 92% of respondents of below 40 years age group, 93% of those within 40-50 years and 96% of those above 50 years are resorting to other means and hence are actively participating in Tax Planning. The group with highest percentage of respondents contributing more than Rs. 1 lakh is above 50 years age group. This may be because of the fact that they are closer to their retirement and quickly wants to increase their retirement corpus. With regard to their individual preferences for different tax saving instruments, we find that subscribing an LIC policy is the most popular among the respondents followed by Contribution to PPF. Unfortunately subscribing to ULIP and Tax Savings Term Deposits is found to be the least preferable. Similarly, subscribing to NPS and Pension Plans offered by other companies also have failed to cater the attention of the respondents with less than 35% of the sample respondents actually using the same. Finally, regarding health insurance policies, we find that age group above 50 contains the maximum percentage of subscribers. This may be due to the fact that they are more concerned about the health issues and thus resorting to health plans.

- *Retirement Planning*:

The following table shows the individual preferences towards various tax saving avenues.

Table 3: Percentage of respondents adopting different retirement planning tools

Instruments	Gender		Discipline		Age (Years)		
	Male	Female	Commerce	Non-Commerce	Below 40	40-50	Above 50
National Pension Scheme	10	13	14	6	21	4	8
Bank Fixed Deposits	64	65	82	65	86	70	68
Infrastructure Bonds/Tax Free Bonds	24	39	27	24	14	26	28
NSC/KVP	26	35	36	26	36	33	24
Pension Plan	38	30	14	30	21	19	36

(a) Male vs. Female Respondents: While analysing the attitude of the respondents towards retirement planning, we have consciously excluded mandatory contribution to PF in order to rule out any passive mode of retirement planning. Thus, we find out that 70% of male and 72% of female respondents are using at least one instrument mentioned in our list to plan their retirement benefit. Individual preferences show that among all the available modes, Bank Fixed Deposit assumes the most significant position followed by the pension plans offered by different life insurance companies. Unfortunately, NPS is found to be the least preferable mode of investments among the sample respondents. The aggregate annual contribution of respondents is also quite significant for each group [87% of Male and 57% of Female].

(b) Commerce vs. Non-commerce Respondents: We find that 87% of Commerce and 64% of Non-Commerce respondents are using at least one instrument mentioned in our list to plan their retirement benefit. Individual preferences show that Bank Fixed Deposit assumes the most significant position followed by NSC/KVP and Pension plans offered by different insurance companies among these groups. Unfortunately, NPS is the least preferable mode of investment among the sample respondents. The aggregate annual contribution of respondents is also quite significant [80 % of Commerce and 82% of Non-Commerce].

(c) Respondents of Different Age Groups: We find that 58% of respondents of below 40 age group, 68% of respondents from 40-50 years age group and 89% of respondents from above 50 age group are using at least one instrument mentioned in our list to plan their retirement benefit. This is quite understandable as closer the retirement the higher will be the need for retirement planning. So far as the instruments are concerned, we find that Bank Fixed Deposit assumes the most significant position followed by NSC/KVP and Pension plans offered by different insurance companies. Unfortunately, here also NPS is the least preferable mode of investment among the sample respondents within the age group 40-50 and above 50. The aggregate annual contribution of respondents is the highest from above 50 age group (88%).

- *Planning to Acquire House Property*

(a) Male vs. Female Respondents: While analysing the attitude of the respondents towards acquiring a house property, it has been noticed that 35% of male and 50% of female respondents have reported that they are resorting to some planning to finance the acquisition of house. Among them 95% male and 100% female respondents preferred bank financing over any other means. Annual Contribution of majority of them is more than Rs. 100000.

(b) Commerce vs. Non-Commerce Respondents: Similar to the above, here also we find that the preference is skewed towards Bank Financing. Annual Contribution of majority of them is more than Rs. 100000.

(c) Respondents of Different Age Groups: The age wise distribution of the respondents reveals result similar to above.

- *Children’s Education Planning*

(a) Male vs. Female Respondents: Out of the total respondents 58% of male and 50% of female respondents have reported to be actively planning for their childrens’ education. For this purpose, insurance plans (from life insurance companies) are found to be the most preferred alternative (male 71% and female 81%) followed by bank fixed deposits. Mutual fund schemes have been liked by 23% and 31% of the male and female respondents respectively.

(b) Commerce vs. Non-Commerce Respondents: 70% of Commerce and 51% of Non-Commerce respondents have reported to be actively planning for their childrens' education. For them also, insurance plans are found to be the most preferred alternative followed by bank fixed deposits and mutual fund schemes.

(c) Respondents of Different Age Groups: 33% from below 40, 70% from 40-50 and 57% of above 50 age group have reported active participation in childrens' education planning. The percentage is low in the first age group as most of them are still unmarried. Again, the same is lower for the third group as some of their children have already completed education. Similar to previous two cases, here also insurance plan outperforms the other modes.

- *Children's Marriage Planning*

(a) Male vs. Female Respondents: This particular planning decision is found to be the most neglected one by the respondents. Only 12% of male and 6% of female respondents have reported that they are planning actively in this respect. The preference is skewed towards bank fixed deposits followed by insurance plans (endowment plans).

(b) Commerce vs. Non-commerce Respondents: Only 9% of the commerce and 13% of the non-commerce respondents are found to undertake this plan. Bank fixed deposits are the most preferred mode (commerce 50%, Non-commerce 55%).

(c) Respondents from Different Age Groups: 13% from below 40 age group, 13% from 40-50 age group and only 11% from the above 50 age group are found to undertake such plan. The results are quite disappointing as at least the second and third age group are expected to take this seriously.

- *Wealth Accumulation Plan*

(a) Male vs. Female Respondents: It is interesting to note that 40% of the male and 57% of the female respondents are resorting to at least one mode to plan for wealth accumulation. Here also bank investments are the most preferred mode (male 83% and female 71%) followed by insurance (endowment policies).

(b) Commerce vs. Non-commerce Respondents: 48% of each group are found to be actively engaged in this plan through investment in any one of our listed instruments. While insurance plans attract the interest of the commerce group more (82% against 58%), others still stick to be traditional bank investments (79% against 64% by commerce group).

(c) Respondents from Different Age Groups: 33% from below 40, 63% from 40-50 and 39% from above 50 age group are found to resort to this plan. Lower participation from the first age group may be because of their limited income as most of them operate at entry level. Lower interest from the third age group may also be justified by their more effort to secure a peaceful retired life and amount of wealth already built up over the past years.

The respondents have not reported any other plans such as plans for a foreign trip etc.

D. *Groupwise Difference in Attitude towards Personal Financial Planning*:

In order to identify whether there exists any significant difference among respondents classified on the three distinct parameters i.e., gender, discipline and age in respect of their attitude towards different types of personal financial planning, the study has conducted independence of attribute test (a chi square test) also known as 'Crosstab' in SPSS. The results are as follows:

(a) Male vs. Female Respondents: The results of the chi-square test applied with respect to each individual plan along with the number of user and non-user of the plan under each group is summarised in Table 4 below.

Table 4: Assessment of difference among male and female respondents' group (plan wise)

Type of Plan	Male		Female		Chi-square Value	p value	Status of N.H
	User	Non-user	User	Non-user			
Tax	56	4	31	1	0.053	0.817	Accepted
Retirement	42	18	18	9	0.000	1.000	Accepted
Acquisition of H. P	21	39	16	16	1.379	0.240	Accepted
Children's Education	35	25	16	16	0.298	0.585	Accepted
Children's Marriage	7	53	2	30	0.216	0.642	Accepted
Wealth Accumulation	24	36	17	15	0.972	0.324	Accepted
N.H: H_0 (There is no significant difference between male and female respondents regarding their attitude towards financial planning)							

Results show that none of the chi-square statistic is significant at 5% level and accordingly, null hypothesis is accepted in each case. Thus, male and female college teachers do not differ significantly with regard to their attitude towards different personal financial plans.

(b) Commerce vs. Non-commerce Respondents: The results of the chi-square test applied with respect to each individual plan along with the number of user and non-user of the plan under each group is summarised in Table 5 below.

Table 5: Assessment of difference among commerce and non-commerce respondents' group (plan wise)

Type of Plan	Commerce		Non-commerce		Chi-square Value	p value	Status of N.H
	User	Non-user	User	Non-user			
Tax	23	0	64	5	1.762	0.184	Accepted
Retirement	20	3	44	25	3.354*	0.067	**Rejected**
Acquisition of H. P	10	13	28	41	0.000	1.000	Accepted
Children's Education	16	7	35	34	1.1775	0.183	Accepted
Children's Marriage	2	21	9	60	0.034	0.853	Accepted
Wealth Accumulation	11	12	33	36	0.000	1.000	Accepted
N.H: H_0 (There is no significant difference between commerce and non-commerce respondents regarding their attitude towards financial planning)							

Note: * Significant at 10% level

Results show that all chi-square statistic values *except retirement planning* are insignificant at 5% level and accordingly, null hypothesis is accepted in each case. The null hypothesis is rejected for retirement planning at 10% level, meaning commerce faculty members are more interested in retirement planning than non-commerce faculty members.

(c) Respondents of Different Age Groups: The results of the chi-square test applied with respect to each individual plan along with the number of user and non-user of the plan under each group is summarised in Table 6 below.

Table 6: Assessment of difference among various respondent age groups (plan wise)

Type of Plan	Below 40		40-50		Above 50		Chi-square Value	p value	Status of N.H
	User	Non-user	User	Non-user	User	Non-user			
Tax	22	2	37	3	27	1	0.592	0.744	Accepted
Retirement	14	10	27	13	25	3	6.734**	0.034	**Rejected**

Acquisition of H. P	10	14	17	23	12	16	0.008	0.996	Accepted
Children's Education	8	16	28	12	16	12	8.213**	0.016	**Rejected**
Children's Marriage	3	21	5	35	3	25	0.059	0.971	Accepted
Wealth Accumulation	8	16	25	15	11	17	6.290**	0.043	**Rejected**
N.H: H_0 (There is no significant difference among respondents across different age groups regarding their attitude towards financial planning)									

Note: **Significant at 5% level

Results show that all chi-square statistic values are significant at 5% level for retirement, children's education and wealth accumulation and accordingly, null hypothesis is rejected. It implies that retirement planning is more crucial for above 50 years age group while children's education and wealth accumulation appear to be more important for 40-50 years age group.

***E. Factors Determining the Investment Decision*:**

Based on the analysis of individual preferences towards the instruments under each of the plans we find that traditional means like bank fixed deposits and insurance (endowment) are the most liked avenues. Mutual funds, ULIPs have been found to be least preferred. Apart from direct saving instruments respondents are also found to subscribe health covers. Thus, safety and security of investment are the prime factors determining the investment attitude of the teachers. Health risks and associated cost are also found to shape their decisions.

12. Conclusion

The present study has investigated the attitude of fulltime college faculty members based on the responses of 92 fulltime college teachers in some selected colleges of West Bengal. Necessary statistical tools have been used to identify the trends in their personal financial planning practices, factors determining their choice of any investment vehicle and existence of significant difference in attitude among the respondents classified according to gender, discipline and age.

Based on the analysis the study finds that there is a general awareness about financial planning needs among the faculties and they do practice financial planning, though not on all fronts. However, the respondents are not so keen on taking the help of any financial planner at large or a tax expert in particular cases. Though for teachers from commerce the same is praiseworthy, for others it shows lack of professional attitude towards investment management. The respondents prioritize their plans as per their own requirements and select investment vehicle primarily based on safety and security features. They do not prefer risky instruments. This is again unusual for at least commerce teachers who are well aware about the market dynamics and possibility of earning healthy returns from market linked instruments. It seems risk aversion has dominated their knowledge in making investment decisions. Gender and Discipline do not play significant part in shaping the attitude of college teachers towards personal financial planning as evident from insignificant values of chi-square test on independence of attributes. Age still plays an important role in financial planning. While middle aged college teachers with a settled life after marriage are found to be more inclined towards saving for their children's future education and building up decent wealth, teachers close to their retirement are found to put more importance on securing their post retirement life. Though the entry level teachers do not show any clear preference for any of the plans except tax plan and to some extent retirement plan, this may be due to the relatively low level of income that does not support for outright purchase of a house property, car or for substantially subscribing a mutual fund scheme for wealth accumulation.

To conclude, it may be mentioned that, the need for all round personal financial planning is still neglected by the fulltime college faculty members which will certainly cause them substantial opportunity loss in the long term and may even force to compromise with their target unless they change their attitude. This lack of initiative, however, provides immense scope for financial institutions to design investment products that suit the need of this class and also for the financial planners to promote their expert services to these people.

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Annexure:

Questionnaire On "Financial Planning Practices of College Faculties – A Study."

<u>(For Full Time Faculty Members only)</u>

(Please tick on the appropriate box☐ where applicable)

SECTION – A (Demographic Profile of the Respondent)

1. Name (optional): ....
2. Age: .... 3. Gender: Male ☐ Female ☐
4 a) Present Residence: ....
   b) Permanent Residence: ....
5. Highest Academic Qualification: ....
6. College / Institution Working in: ....
7. Designation: .... Stage: I ☐ II ☐ III ☐
8. Subject: ....
9. Dependents in the Family: Spouse ☐ Parents ☐ Children ☐

SECTION – B (General Awareness about Financial Planning)

1. Have you heard about the idea "**Financial Planning**"? ☐ Yes ☐ No
2. Which of the following kind of Financial Planning have you undertaken?

   ☐ Tax Planning ☐ Retirement Planning ☐ Planning to acquire an Asset (house, car etc.)

- ☐ Children Education Planning ☐ Children Marriage Planning
- ☐ Planning for a foreign trip ☐ Wealth accumulation (general)
- ☐ Other Planning (please specify) ....

3. Do you take help of any Financial Advisor or you undertake Financial Planning yourself?

   ☐ Take help of Financial Advisor ☐ Undertaken by myself

SECTION – C (Details of the Financial Planning Exercise)

I. Tax Planning:

A. Where do you save?

☐ Mandatory contribution to PF ☐ Voluntary contribution to PF

☐ Public Provident Fund ☐ NPS ☐ Life Insurance Premium

☐ ULIP ☐ Tax Savings Term Deposits

☐ Infrastructure Bond/Tax Free Bond ☐ Pension Plan qualified u/s 80C, 80CCC

☐ Any other (please specify - e.g., House Building Loan etc.) ....

B. What is your aggregate annual/ monthly contribution in all the schemes?.......

C. Do you pay medical insurance premium? ☐ Yes ☐ No

If yes, what is your contribution? ☐ Less than Rs.10000 ☐ More than Rs.10000

D. Any other tax savings plan?

☐ Education Loan ☐ Contribution for Disability

☐ Any other (pl. specify)

E. Do you take help of any Tax Planner? ☐ Yes ☐ No

II. Retirement Planning:

A. Where do you invest?

☐ NPS ☐ Bank Fixed Deposits ☐ Infrastructure Bond/ Tax Free Bond

☐ Other Government Securities (NSC / KVP)

☐ Pension plan of any other Financial institution

B. What is your aggregate annual contribution?

☐ Less than Rs.10000 ☐ More than Rs. 10000

C. Do you take help of any Financial Planner? ☐ Yes ☐ No

III. Planning to Acquire an Asset (Such as house, car etc.):

A. Source of Fund (Bank/ Other Financial Institution): ....

B. Annual Contribution: ☐ less than Rs.10000 ☐ More than Rs.10000

C. Do you take help of any Financial Planner? ☐ Yes ☐ No

IV. Children Education Planning:

A. Investment Instrument:

☐ Bank Deposit ☐ Mutual Funds ☐ Life Insurance Schemes

☐ Any other……….. (please specify)

B. Annual Contribution: ☐ Less than Rs.10000 ☐ More than Rs.10000

C. Do you take help of any Financial Planner? ☐ Yes ☐ No

V. Children Marriage Planning:

A. Investment Instrument: ....

☐ Bank Deposit ☐ Mutual Funds ☐ Life Insurance Schemes

☐ Any Other.................

B. Annual Contribution: ☐ less than Rs.10000 ☐ More than Rs.10000

C. Do you take help of any Financial Planner? ☐ Yes ☐ No

VI. Wealth Accumulation (General) Planning:

A. Investment Instrument: ....

☐ Bank Deposit ☐ Mutual Funds ☐ Life Insurance Schemes

Any Other.................

B. Annual Contribution: ☐ less than Rs.10000 ☐ More than Rs.10000

C. Do you take help of any Financial Planner? ☐ Yes ☐ No

VII. Planning for a Foreign Trip:

A. Investment Instrument: ....

☐ Bank Deposit ☐ Mutual Funds ☐ Life Insurance Schemes

Any Other..............

B. Annual Contribution: ☐ less than Rs 10000 ☐ More than Rs.10000

C. Do you take help of any Financial Planner? ☐ Yes ☐ No

VIII. Any Other Planning (Please Specify) ....

A. Investment Instrument: ....

☐ Bank Deposit ☐ Mutual Funds ☐ Life Insurance Schemes

☐ Any Other..................

B. Annual Contribution: ☐ less than Rs.10000 ☐ More than Rs.10000

C. Do you take help of any Financial Planner? ☐ Yes ☐ No

....

Signature of the Respondent