

PERSONAL FINANCIAL PLANNING WITH SPECIAL REFERENCE TO FULL TIME COLLEGE FACULTIES UNDER UNIVERSITY OF CALCUTTA

Mousumi Basu

Assistant Professor, City College of Commerce and Business Administration, Kolkata, India

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ABSTRACT

Personal Financial Planning refers to the management of available funds to an individual in order to spend monetary resources over time, to save for future life keeping in mind various financial risks and future uncertainties. It has been noticed that at the earlier decades the Financial Planning was mainly comprised of buying and selling of stocks, bonds and insurance, but slowly and steadily it has expanded to the other parts of the economy in the society. After that, Financial Planning included a broad variety of insurance planning, estate planning, investment planning and tax planning experts. This helped Financial Planning evolve into a comprehensive personal finance solution. This paper had been concentrated on different aspects of financial planning of individuals taking a target area of full-time college faculties under the University of Calcutta.

KEYWORDS: *Personal Financial Planning, Full-Time College Faculties, University of Calcutta*

INTRODUCTION

Financial planning is a comprehensive process by which an individual performs to spend and save monetary resources over time considering different financial risks and future life events in order to achieve some predetermined objectives. A sound Financial Plan can help to make the financial future of an individual much more manageable.

Now it is not always possible for every individual to take the most appropriate decision every time. These lead to an emergence of financial planners who just act as a guide to show the most appropriate path to take those decisions. A good financial planner will always to guide their clients in such a manner which them to lead a secured future considering all the possible hindrances by offering the best solution from all the possible alternatives. Each and every individual who receives money definitely would like to make a decision about the best way to use it. The decisions may be like—

Where to spend money,

How much to spend

How much to save the money to spent later.

Financial Planning is a summation of sources of funds and utilization of funds. It can be written as:



Figure 1

REVIEW OF LITERATURES

- **Gitman & Bacon (1985)** provide a conceptual framework for the comprehensive personal financial planning process and its role in the financial services revolution. The significance of increased supply of college-trained financial is being provided by Empirical analysis.
- **Robb and Sharpe (2009)** collected a survey data from 6520 students at a large Midwestern University, which affirmed that financial knowledge is a significant factor in the credit card decisions of college students but not entirely in expected ways. The finding highlighted that the complex nature of the relationship between financial knowledge and credit card behavior.
- **Lalit Mohan Kathuria and Kanika Singhania (2010)** in their paper “Investor Knowledge and Investment Practices of Private Sector Bank Employees” analyzed the level of knowledge regarding various investment avenues and present investment practices of employees of private sector banks in Ludhiana city. The findings of the study revealed that the majority of the respondents had invested in the secured mode of investments like Employee Provident Fund, Public Provident Fund and Post Office Savings Schemes. Only 4 per cent of the respondents made their investment decisions with the help of Investment Planner. They stated that there is an immense need to raise the level of awareness about the various investment avenues among the bank employees.

OBJECTIVES OF THE STUDY

- To identify whether there is any significant difference between male and female faculties in their attitude towards financial planning.
- To identify whether there is any significant difference among the respondents belonging to the age groups below 40 years, 40-50 years and above 50 years.

METHODOLOGY OF THE STUDY

The study is based on the data collected from the Full Time Faculties of different colleges under the jurisdiction of the University of Calcutta. On the basis of the interview process, the data are classified and analyzed to draw a conclusion. The final sample could incorporate responses from 92 respondents from 16 colleges. The study had mainly used the Chi-Square test has also been performed in this study in order to test whether any significant differences exist among the respondents in order to analyze the objectives of the study

PRESENTATION, ANALYSIS OF DATA AND FINDINGS OF THE STUDY

Testing whether a significant difference exists among the different groups of respondents in their attitude towards Financial Planning (Individual Plan-wisely).

Male Vs Female

Null Hypothesis (H₀): There is no significant difference between Male and Female respondents in their attitude towards each category of Financial Planning.

Alternative Hypothesis (H₁): There is a significant difference between Male and Female respondents in their attitude towards each category of Financial Planning.

Here we are using the independence of attribute test which is an χ^2 Test.

For this purpose, we have classified each group under two sections- Respondents using the plan and Respondents not using the plan.

Tax Planning

The observed frequency distribution is as follows:-

Table 1

	Male	Female	Total
Users	56	31	R₁=87
Non-users	4	1	R₂=5
Total	C₁=60	C₂=32	N=92

Yates' Correction,

$$\chi^2 = \frac{N \left\{ ad - bc - \frac{N}{2} \right\}^2}{R_1 * R_2 * C_1 * C_2}$$

$$= \frac{92 \left\{ 56 * 1 - 31 * 4 - \frac{92}{2} \right\}^2}{87 * 5 * 60 * 32}$$

$$= 0.053 \text{ (Ans)}$$

Comment: χ^2 Tabulated value at 5% significance level = 3.84. Since χ^2_{obs} (0.053) < χ^2_{tab} (3.84), Null hypothesis is accepted. So there is no significant difference between Male and Female respondents in their attitude towards Tax Planning.

AT A GLANCE

Assessing Significant Difference between **Male vs. Female** Respondents:

Table 2

Types of Planning	Chi Square (Calculated)	Chi-Square (Tabulated - 5% Level)	Decision on N.H	Inference
Tax	0.053	3.84	Accepted	No Difference
Retirement	2.902	3.84	Accepted	No Difference
Acquiring House	1.379	3.84	Accepted	No Difference
Children Education	0.298	3.84	Accepted	No Difference
Children Marriage	0.216	3.84	Accepted	No Difference
Wealth Accumulation	0.972	3.84	Accepted	No Difference

There **exists no significant difference** between male and female faculties in their attitude towards specific financial planning practices.

Age-Wise Classification

Null Hypothesis (H₀): There is no significant difference among the age group of the respondents in their attitude towards each category of Financial Planning.

Alternative Hypothesis (H₁): There is a significant difference among the age group of the respondents in their attitude towards each category of Financial Planning.

Here we are using the independence of attribute test which is a Chi Square (χ^2) Test.

For this purpose, we have classified each group under two sections- Respondents using the plan and Respondents not using the plan.

Degree of Freedom (d.f) = (No. of row-1) * (No. of column-1)

$$= (2-1) * (3-1) = 2$$

Tax Planning

The observed frequency is as follows:-

Table 3

	Below 40yrs	(40-50)yrs	Above 50 yrs	Total
Users	22	37	27	R₁=86
Non-Users	2	3	1	R₂=6
Total	C₁=24	C₂=40	C₃=28	N=92

Expected Frequency = $\frac{\text{Row total} * \text{column total}}{\text{Grand Total}}$

The Expected frequency is as follows:-

Table 4

	Below 40yrs	(40-50)yrs	Above 50 yrs	Total
Users	23	37	26	R₁=86
Non-Users	1	3	2	R₂=6
Total	C₁=24	C₂=40	C₃=28	N=92

Calculation of χ^2 value:-

Table 5

Class	Observed(O)	Expected(E)	(O-E) ²	$\frac{(O - E)^2}{E}$
1	22	23	1	0.04
2	37	37	0	0
3	27	26	1	0.04
4	2	1	1	1
5	3	3	0	0
6	1	2	1	.05
				$\sum \chi^2 = 1.58$

Comment: χ^2 Tabulated value at 5% significance level =3.84. Since $\chi^2_{\text{obs}} (1.58) < \chi^2_{\text{tab}} (3.84)$, Null hypothesis is accepted. So there is no significant difference among different age group respondents in their attitude towards Tax Planning.

AT A GLANCE

Assessing Significant Difference between Different Age Groups

Table 6

Types of Planning	Chi Square (Calculated)	Chi-Square (Tabulated - 5% Level)	Decision on N.H	Inference
Tax	1.58	3.84	Accepted	No Difference
Retirement	6.69	3.84	Rejected	No Difference
Acquiring House	0	3.84	Accepted	No Difference
Children Education	8.73	3.84	Rejected	No Difference
Children, Marriage	0	3.84	Accepted	No Difference
Wealth Accumulation	6.33	3.84	Rejected	No Difference

Comment

- Thus, there exists a significant difference across age groups in their attitude towards retirement planning, child education planning and planning for wealth accumulation.
- The mid-age group (40-50) and the last group (above 50) is more inclined to build the retirement corpus than the first group (below 40).
- The mid-age group respondent is the most serious in child education plans.
- The first group puts relatively less importance on wealth accumulation.

CONCLUSIONS

In this study, an attempt has been taken to analyze the attitude of some prominent expertise Full-Time College Faculties under the University of Calcutta who enjoy a structured remuneration. The study actually aims to create an awareness among the individuals who also enjoy similar pay structure in the society and also to draw out the significance of a proper Financial Planning in today's world.

The overall conclusions from the above analysis are summarized as follows:

- There is a general awareness about financial planning needs among the faculties.
- However, the respondents are not keen on taking the help of any financial planner at large or a tax expert in particular cases.
- The respondents prioritize their plans as per their own requirements.
- Due to the asymmetric attitude towards risk and return, they prefer safe instruments over risky ones. The difference is more prominent across age groups.
- Though there is no significant difference among male vs. female, but the difference is quite significant across age groups in case of retirement, child education and wealth accumulation plans.

RECOMMENDATIONS

The study has got a number of meaningful observations which may be of great help for the market developers and financial institutions.

- NPS and other pension plans should be made more attractive as most of the faculties avoided investing in them. Regulators may think about conducting awareness campaigns in this respect.
- Insurance schemes in child education should be promoted further considering their high demand among faculties. A push selling by agents may yield good results.
- There is a good scope of promoting expert advisory services on personal financial planning as most of the faculties are not using such advice at present. But this will require a growing awareness of the use of such services to meet personal financial goals systematically.

LIMITATIONS OF THE STUDY

There were a few hindrances which I have faced during conducting this study, which has been mentioned in the points below:

- A higher sample size could have provided more detailed results.
- We have ignored the possibility of sharing financial plans in case the spouse is also an earning member of the family. However, this is not necessarily a determining factor always.
- Many of the respondents were not free to share their personal financial information.

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