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# PGIM India Mutual Fund Retirement Readiness Survey 2020

Building financial wellness into our future.



# About Us



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*\*As ranked in Pensions & Investments' Top Money Managers list, June 1, 2020; based on PFI total worldwide institutional assets under management as of March 31, 2020. Assets under management (AUM) are based on company estimates and are subject to change.*



## PGIM India Mutual Fund

PGIM India Mutual Fund is a wholly owned business of PGIM, the global investment management business of the US based Prudential Financial, Inc. (PFI). PGIM India Asset Management is the full service investment manager of PGIM India Mutual Fund, offering a broad range of equity and fixed income solutions to retail and institutional investors throughout the country. We manage 20 open-ended funds operated by 17 investment professionals. In addition to managing our investors assets through domestic Mutual Funds, we also offer Offshore Funds and Portfolio Management Services. The fund house leverages the strength and stability of PGIM's 140-year legacy to build on its decade long history in India.

Headquartered in Mumbai, PGIM India Mutual Fund has a presence in 27 cities across the country including branches in Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Kolkata and Pune. PGIM India Mutual Fund brings a rich blend of global resources, intellectual acumen and local investment expertise and is committed to designing superior and meaningful, wealth-building solutions for our investors. PGIM India provides unique training and educational programs for building exceptional capabilities and best business practices for its business associates. For more information please visit [pgimindiamf.com](http://pgimindiamf.com)

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## Methodology and Disclaimers

**Important Disclosures:** PGIM India Mutual Fund appointed Nielsen India for conducting a survey among 3103 Indian adults aged between 26-60 years (26-30: 11%, 31-40:19%, 41-50: 39%, 51-60: 31%) inclusive of both Men (85%) and Women (15%) from private (85%) and government (15%) organizations belonging to NCCS A/B (74%:26%) covering Salaried (59%), Businessman (31%) and Self-employed professionals (10%). The survey was conducted in 15 cities (Metros: 61%, Tier 1: 39%) across India. Data was collected using Face to Face interviews. The survey was fielded between December 2019 - January 2020. The margin of error for this study is +/- 3%. The report also holds few references from the Nielsen U&A syndicated study which was conducted among 8016 Indian adults aged 22-50 years (22-30: 31%, 31-40: 38%, 41-50: 31%) inclusive of both Men (76%) and Women (24%) belonging to SEC A/B/C (45%:37%:18%). The survey was conducted in 16 cities (Metros: 57%, Tier 1: 43%) across India. Data was collected using Face to Face interviews. The survey was fielded in FY 17-18 and FY 19-20. The margin of error for this study is +/- 3%.

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**Mutual fund investments are subject to market risks, read all scheme related documents carefully.**

# Foreword



Ajit Menon  
CEO

***It shows that Indians are focusing more on current expenses than future planning.***

Most commentary on India focuses on its youth population, and with good reason. Economists estimate that India is entering a nearly four decade-long ‘demographic dividend’, a bulge in the working-age population that will drive economic growth.

But today’s young are also tomorrow’s old. The 2018-19 Economic Survey projected a sharp decline in India’s population growth to 1% during 2021-31, and to under 0.5% in 2031-41. With a large ageing population and a shrinking working-age population, future governments will struggle to provide for their elderly, making it imperative for individuals to have their own plans. This need is most acute in India’s cities, which contribute 2/3rd of India’s economic output and will generate 70% of future employment, with emerging cities leading the way.

*PGIM India Mutual Fund*, a wholly owned business of PGIM, the global investment management business of Prudential Financial, Inc. US, commissioned Nielsen, the leaders in global measurement, for a survey of 3103 Indians across 8 metro and 7 non-metro cities, to gauge attitudes to retirement planning. Respondents were surveyed on parameters including their financial priorities; their awareness of risks; their post-retirement concerns and feelings of preparedness; the triggers of retirement planning; the contingencies for which they plan; the amount of money they put aside, and the instruments into which they put it; the advisors who guide them; and finally, the role their employers play in this journey.

The survey reveals a country in considerable flux, as new social norms and spending patterns displace the old. It shows that Indians are focusing more on current expenses than future planning. Retirement planning is positively correlated to income, not age, showing that Indians plan for retirement when they have surplus money, and can save without sacrificing current comforts.

Indians have also tended to rely heavily on their children, likened to a reverse mortgage, promising to leave their wealth to children in return for care and financial support in old age. Joint families would once instil a sense of financial security, but as the young migrate and nuclear families proliferate, this contract is fraying. Indians are becoming more self-sufficient, seeking less financial dependence on their families after retirement. A quarter of Indians say the dread of being dependent on family is a major trigger for retirement planning.

Amidst all this flux, the conventional model of stable employment and retirement by 60 is itself increasingly outdated. The urban young intend to work for as long as they can, with multiple sources of income. 1 in 3 respondents already has an alternate source of income, and close to half of all respondents say they are planning to get one.

Retirement is seen by Indians as an important but distant prospect. Instead, Indians prioritise more proximate contingencies like illness or accidents. More than half of urban Indians have made no retirement plan at all (the average age by which they say they will have a plan is 51). When they do plan, the average respondent assembles a corpus of around ₹50 lakh, or about 8.8 times the average annual income. But even those who plan often make ill-advised plans without assessing their own requirements, and fail to make adequate provision for contingencies like inflation. Retirement is at the bottom of most people's list of priorities – their children's needs (education, marriage etc.) and financial security come first.

These trends have been thrown into sharp relief by the COVID-19 crisis, which has underlined the need to plan for income shocks, diversify sources of income and arrange for contingency funds and adequate medical and term insurance. Those with professional advisors, settled financial plans and multiple sources of income have arguably fared better during the pandemic.

Indeed, our survey shows that Indians are eager for high-quality advice and products that will help them balance their current aspirations with the imperative to secure their future. This puts the onus on the Indian financial services industry – and indeed on Indian employers – to provide the advice that will help Indians make astute financial decisions and ease their anxieties.

The pandemic could accelerate changes in the retirement landscape. The government has now allowed people to withdraw upto 75%, or equivalent of three-month salary, whichever is lower, from their Provident Fund balance to tide over this emergency. According to recent reports, pension funds have continued to grow at a healthy rate in the first six months of the current financial year 2020-21, in spite of the possible increase in withdrawals. Government could provide a further boost to retirement planning by implementing or increasing tax benefits for long-term retirement savings and designated retirement products such as insurance, the National Pension Scheme or mutual funds.

The pandemic may also bring deeper changes in people's habits – early studies indicate a reduction in spending and preference for cash and savings – but we will have to see if these behaviours sustain over a period of time, post the pandemic emergency. We will also have to see if consumers will be more oriented towards channelising funds to secure their future. In addition to the government, the financial advisory community will have to play a strong role in building awareness and guiding behaviour in this context.

For its part, PGIM India is dedicated to helping Indians make themselves financially secure, through a range of financial planning awareness initiatives, and through innovative products and services customised to the needs of Indians. These initiatives draw on our deep understanding of the Indian financial landscape – and of the Indian consumer - as well as leveraging insights from years of PFI's retirement research and education in the US and other global markets. Our overall aim is to improve the financial wellness of Indians, and remove financial stress from their lives, through education and promoting the benefits of prudent financial planning. PGIM India will continue to research, analyse and engage with the ecosystem to address and improve India's financial wellness quotient.

***Our survey shows that Indians are eager for high-quality advice and products that will help them balance their current aspirations with the imperative to secure their future.***



# KEY SURVEY FINDINGS

## Aspirational Indians focus more on the present than on the future

**Retirement comes far down most people's list of financial priorities.** Most Indians cite their children's needs (education, marriage etc.) and their family's financial security as their top priorities. After that, they are mindful of the looming possibility of medical emergencies, and the importance of physical and mental wellbeing. Further down the list, they desire a comfortable, stress-free lifestyle. Retirement planning comes way down in their list of priorities. Many are reluctant to take on long-term financial commitments that might affect their current standard of living.

### The Financial Priorities of Indians

 **CHILD'S NEEDS:** Providing for child's Future/ Education/ Marriage  
Majorly driven by consumers in Tier 1 cities having lower monthly income (20-50k)

 **CHILD'S SECURITY:** Financial Security for my children  
Driven by consumers in Tier 1 cities

 **SECURITY OF SPOUSE**  
Financial security for my spouse

 **MEDICAL EMERGENCIES:** Financial security for medical emergencies/ expenses  
Driven by consumers in Tier 1 cities with lower monthly income (20-50k)

 **BEING FIT:** Being Physically and mentally fit  
Driven by consumers in Tier 1 cities

 **LEAD PEACEFUL LIFE:** Lead a peaceful life without any stress or burden  
Driven by consumers in Metros having lower monthly income (20-50k)

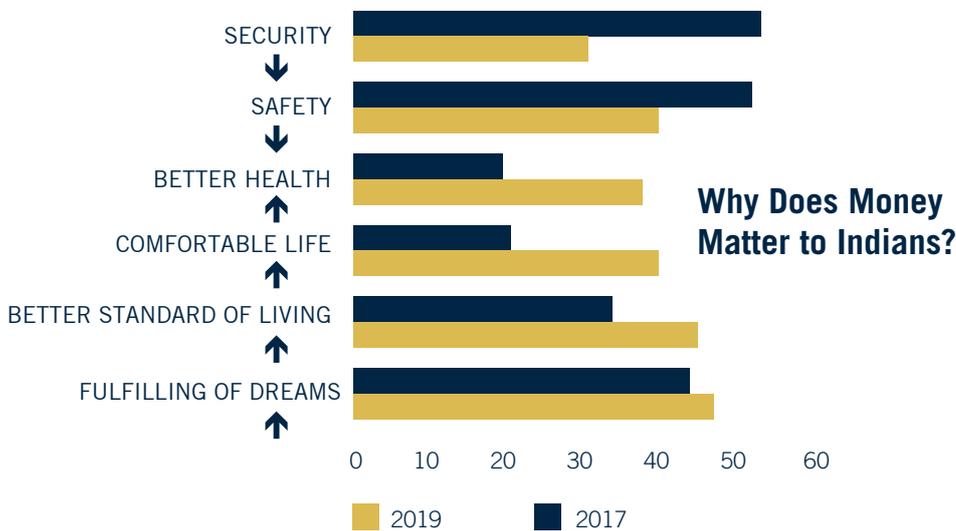
 **IMPROVING LIFESTYLE:** Improving my standard of living/lifestyle  
Driven by consumers in Tier 1 cities having lower monthly income (20-50k)

 **RETIREMENT:** Planning for my life after retirement  
Driven by consumers in Metros and New Consumer Classification System (NCCS) A consumers

*Many Indians are reluctant to take on long-term financial commitments that might affect their current standard of living. Financial security remained an important concern, but its relative importance had fallen, and only 30% now cited it as the most vital function of wealth.*

### As India changes, the purpose of wealth creation is being transformed.

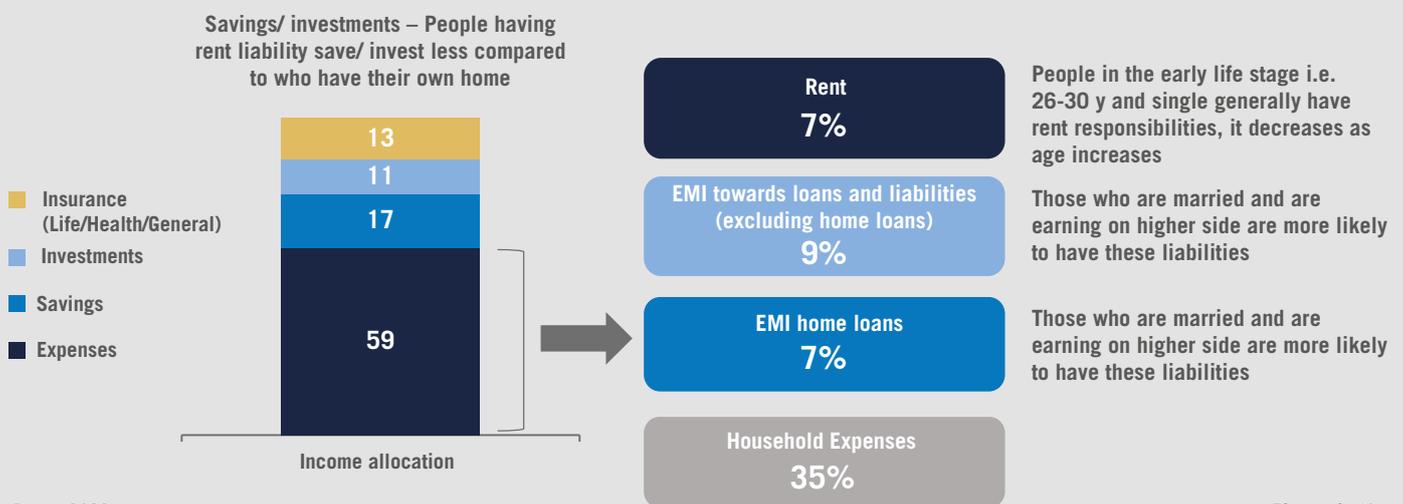
The rising Indian consumer class is increasingly aspirational. Younger Indians have grown up with the comforts of the post-liberalisation economy and aspire for more, whereas older Indians have known scarcity and tended to prioritise financial security. As per Nielsen's Usage & Attitude Survey, as recently as 2017, 52% of Indians said money was most important because it provided financial security.



But by 2019, 46% of Indians were saying that money was most important for fulfilling dreams, while 44% cited an improved lifestyle, and 39% said it was about living comfortably. **Financial security remained an important concern, but its relative importance had fallen, and only 30% now cited it as the most vital function of wealth.**

**Urban Indians today are saving and investing less, while allocating nearly 59% of income to current expenses.** Of this 59%, household expenses account for 35% points, while the rest is split roughly evenly between rent, EMIs and home loan instalments. Nielsen’s Survey finds that allocation of household income to savings and investments has fallen from 34% to 30% over the past two years. This is reflected in the stagnation in household savings over the last decade. Between 2011-12 and 2017-18, India’s domestic savings rate fell from 34.6% of GDP to 30.5%. The fall in the household savings rate was even greater, from 23.6% to 17.2%. (savings in physical assets saw the sharpest fall, from 15.9% of GDP to 10.3%).

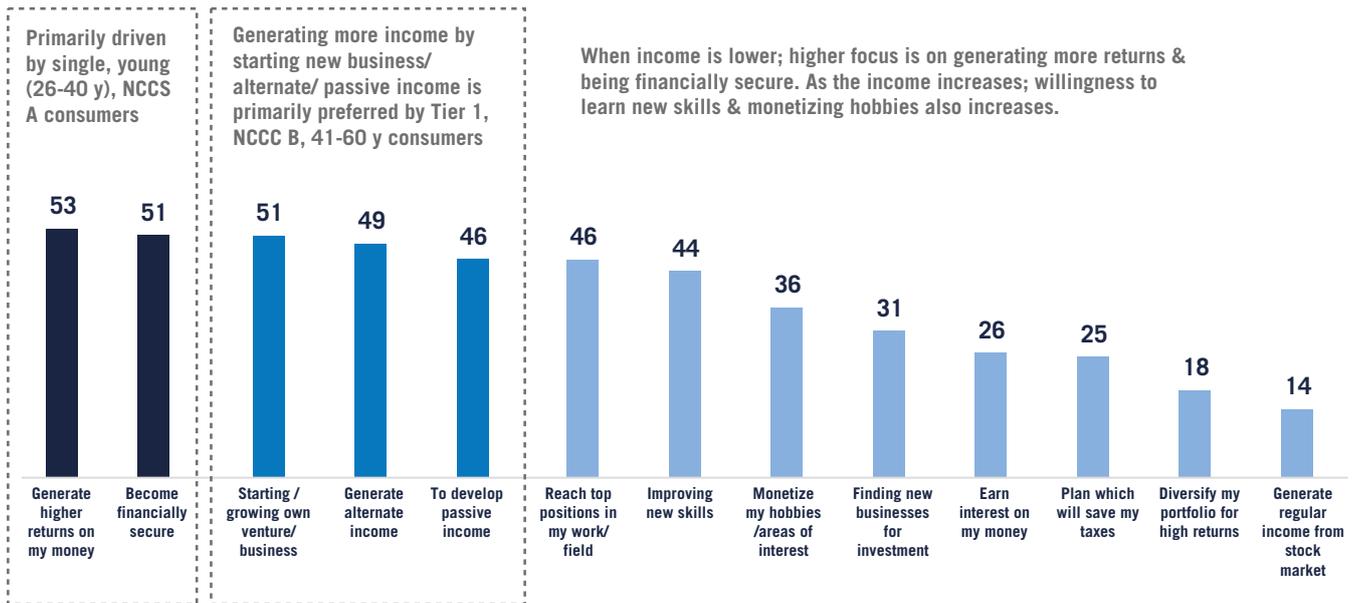
### Current Income Allocation of Indians



**Wealth goals change as consumers grow older.** When asked about their wealth goals, 58% of younger consumers cited fundamental concerns like generating higher returns on money, while 56% spoke of becoming financially secure. On the other hand, older consumers had a wider horizon – 51% looked to generate income by starting a new business, while 51% sought to develop an alternative source of income, and 47% sought to earn passive income.

**Wealth goals also change with increasing income.** 52% of those earning below ₹75,000 per month are focused on financial security, compared to 43% of those earning above that figure. On the other hand, 47% of those earning above ₹75,000 are focused on monetising their hobbies and areas of interest, compared to only 35% of those below that number, indicating that wealth drives greater aspiration and a quest for self-expression.

### The Wealth Goals of Indians Today



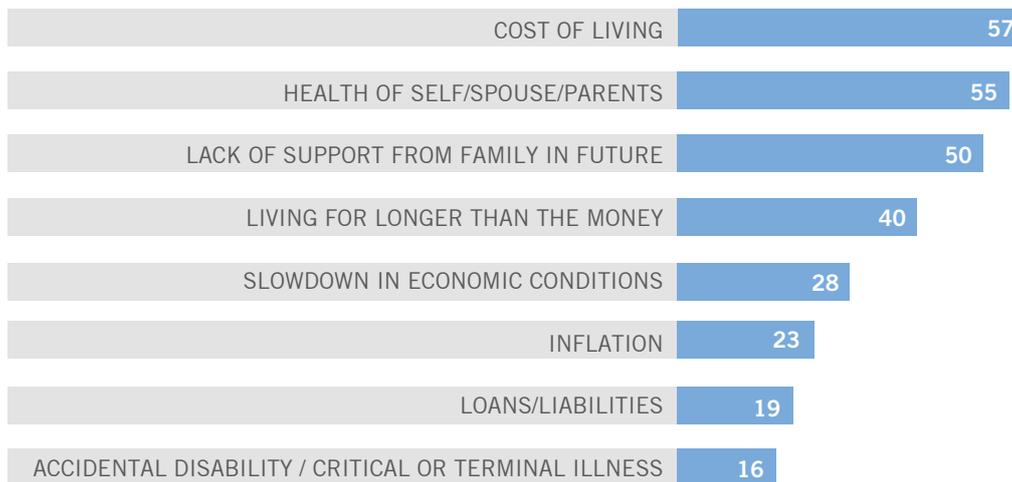
Base:- 3103, Figures in %



## Yet Indians are also increasingly anxious about their future

**Indians worry about the cost of living, healthcare issues and the lack of family support in future.** 57% of Indians cite managing the cost of living as their main concern for retirement. 55% raise concerns about healthcare expenses, while another 50% worry they won't get support from their family in future.

### Worries Related to Managing Finances Post Retirement



*26% of Indians say a crucial trigger for retirement planning is the dread of being dependent on their children or family.*

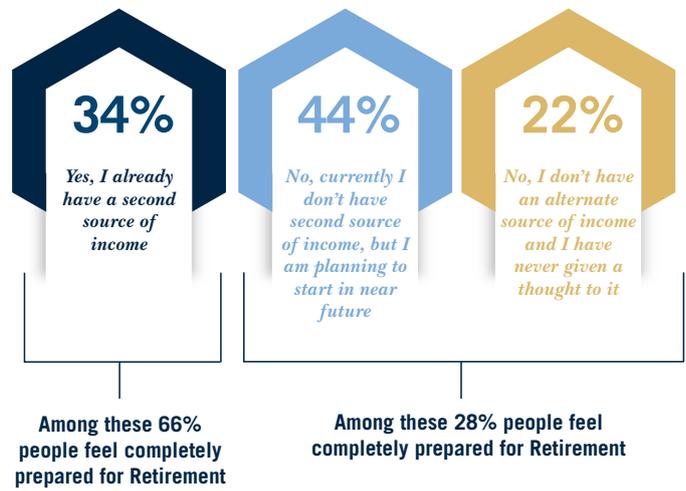
*They feel compelled to plan for retirement, not just to be self-sufficient, but also to be able to provide for their children if required, undermining the 'reverse mortgage'-type care arrangement that has traditionally supported them.*

**Cultural shifts are making retirement planning a more urgent priority.**

26% of Indians say a crucial trigger for retirement planning is the dread of being dependent on their children or family. This is a profound shift in a country where close-knit families have often served as a safety-net for the elderly and the infirm. As the young migrate away from hometowns and live by themselves, their parents are unsure whether they will be able to live with their children in old age, as their own parents did.

**Indians are increasingly pessimistic about their children's prospects.** As economic issues bite and employment falls, many fear their children may be unable to fend for themselves – and that their ability to help will decline with age. Thus, they feel compelled to plan for retirement, not just to be self-sufficient, but also to be able to provide for their children if required, undermining the 'reverse mortgage'-type care arrangement that has traditionally supported them.

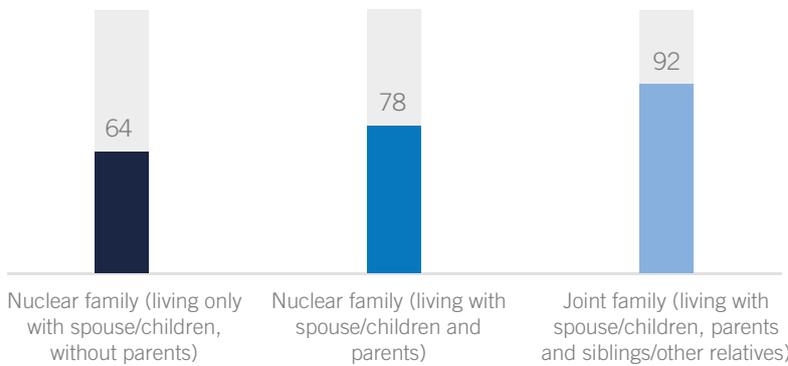
**Those without alternative incomes feel particularly unprepared for retirement.** Among those who do not have an alternative income source, only 28% of people felt completely prepared for retirement. Conversely a good 66% of people with alternate income felt completely prepared for retirement.



## The decline of traditional family structures is worsening anxiety

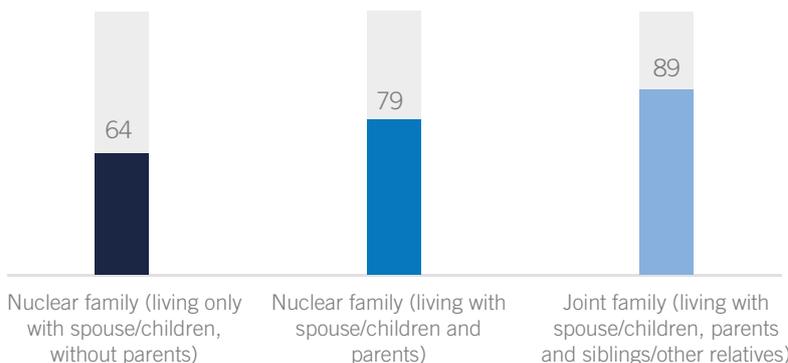
**Joint family units foster a greater sense of financial security and freedom.** 89% of respondents living in joint families reported feeling financially secure. Conversely, only 64% of those who lived in nuclear families said they felt financially secure. Both of these measures did not change much by age or income. The joint family is thus perceived as an important support-system in retirement.

### % People who Feel they have Financial Freedom



*The joint family is thus perceived as an important support-system in retirement.*

### % people who feel they have Financial Security





**Financial Freedom** refers to confidence about the ability to meet financial responsibilities and goals for oneself and family – in other words, people feel financially free if they think they can pay for all their financial responsibilities and goals in future.

**Financial Security** refers to having a financial plan and the resources to fulfil one's own and one's family's financial responsibilities in future. This means one has enough money saved, invested or insured to cover emergencies and future financial goals.

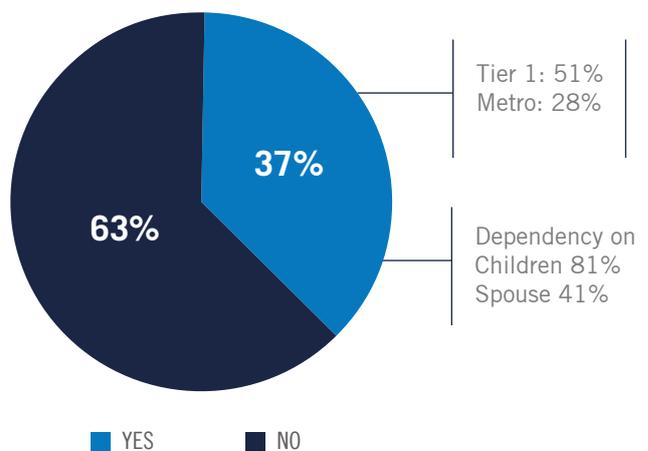
**Financial wellness** refers to a person's overall **financial** health and removal of any money-related stress through prudent financial planning. Nowadays, more and more employers consider the physical and mental wellbeing of their employees as one of their responsibilities and plan many activities and interventions around it. To add to these; employers can also guide their employees on Financial Wellness which will in turn improve employee and employer relationship.

**The decline of the joint family system is driving Indians to want to become more financially self-sufficient.** In joint families, parents spend freely on the future of their children, in the expectation that they will be looked after by their children and family after they retire. But with the increasing prevalence of nuclear families, many are increasingly seeking to be financially independent of their children, even if they're not necessarily living separately.

**As a result, only 37% of urban Indians are now financially dependent on their families for life after retirement.** This includes 51% of those in Tier-1 cities, and 28% in the metros. Among this group, 81% say they will depend on their children, while 41% say they will depend on their spouse. This is, again, a cultural phenomenon that applies across income brackets

*With the increasing prevalence of nuclear families, many are increasingly seeking to be financially independent of their children*

**Financial Dependency on others after Retirement**



## Why are Indians afraid of retirement?

**Indians know retirement planning is vital, but don't want to talk about it.** Across all ages and occupational profiles, Indians admit that retirement planning is an “absolute necessity”. But they put off thoughts of retirement for as long as possible – many won't even talk to their families about it, to avoid alarming them. ‘Financial freedom’ is embraced as a desirable end-goal, but retirement is perceived as detracting from financial freedom, rather than contributing to it. There is a tendency to focus on positive prospects (e.g. saving for education or weddings) rather than morbid ones (e.g. Medici claim, health insurance or term policies for accidents).

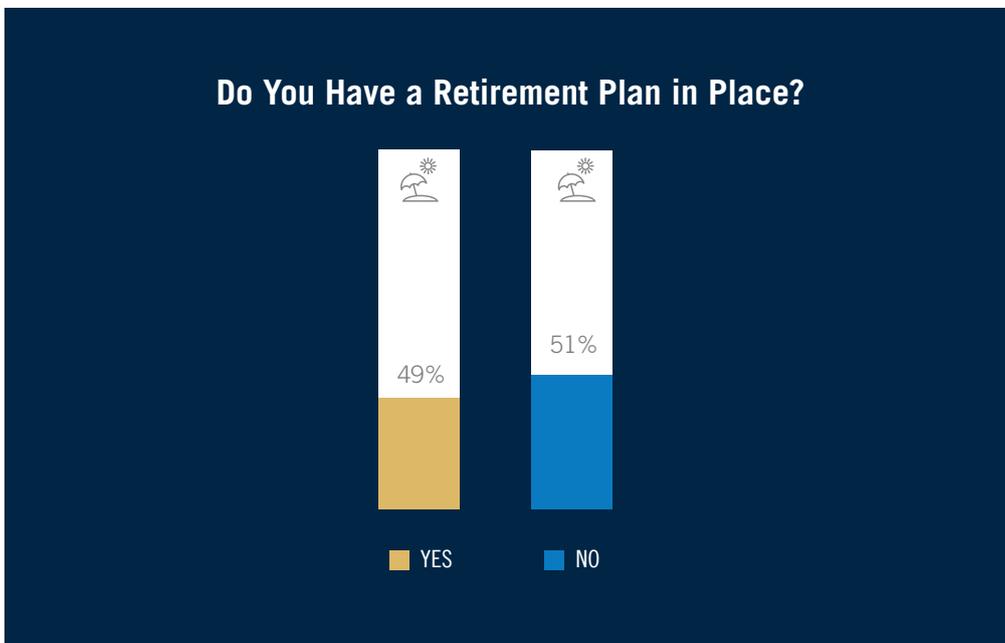
**Indians prefer to focus more on proximate contingencies.** Even when Indians bring themselves to confront the morbid possibilities of life, they are likelier to plan for worst-case scenarios that could befall them at any time – like accident, sudden death or terminal illness – while retirement is seen as a distant prospect, especially by those below 50.

**Indians rarely plan for retirement as a standalone objective.** Most Indians do not have a ring-fenced ‘retirement fund’ – either because they haven't begun retirement planning yet, or because they just have all-purpose funds and investments that may later be used for retirement, in case any of these other worst-case scenarios do not materialise.

**More than half of urban Indians have not planned financially at all for their retirement.** 51% of respondents said they had made no financial plans for their retirement (although this number drops to 25% among those who have an alternative income source). More worryingly, 42% have neither an alternative income source nor any retirement plans.

*‘Financial freedom’ is embraced as a desirable end-goal, but retirement is perceived as detracting from financial freedom, rather than contributing to it.*

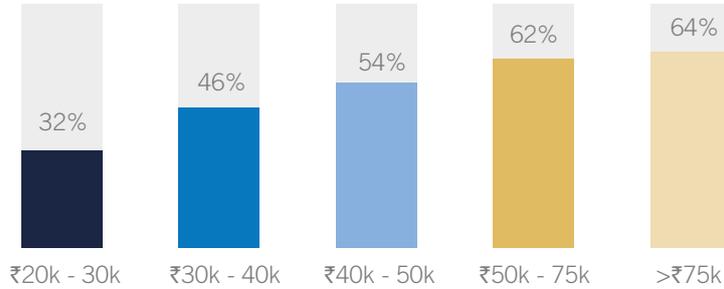
*Most Indians do not have a ring-fenced ‘retirement fund’*



## Retirement planning is linked to surplus income – not age

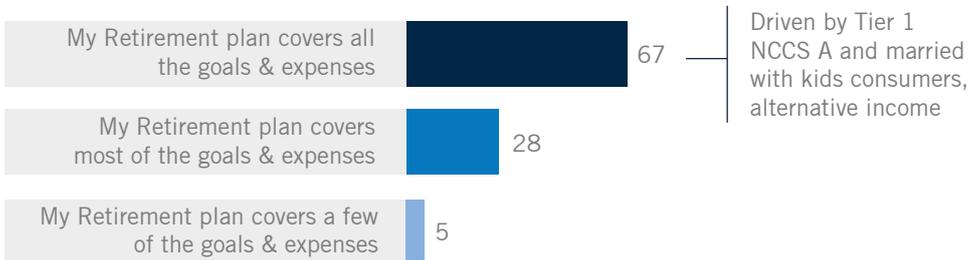
The incidence of retirement planning increases as incomes rise. 62% of those earning ₹50,000-75,000 have retirement plans mapped out, whereas only 44% of those earning ₹20,000-50,000 have a retirement plan. This underlines how Indians may be willing to fund their retirement corpus from surplus income, but are less likely to do so by sacrificing current expenses.

### % People Having a Retirement Plan across Income Brackets

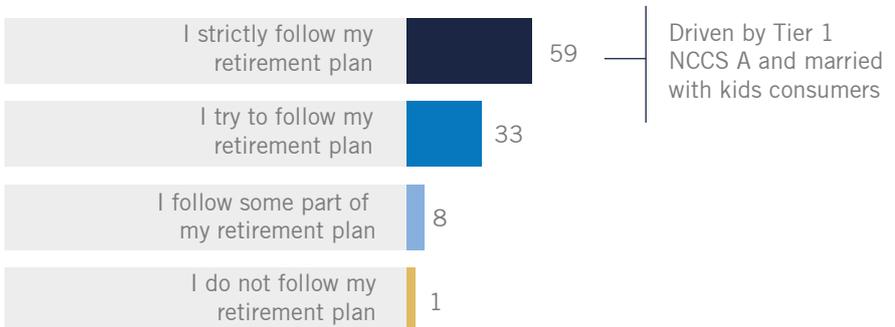


Those who plan for retirement make detailed plans - and follow them. 95% of respondents who have retirement plans confirm that their plan covers most of the goals and expenses. 59% mentioned that they strictly follow their retirement plan.

### Retirement Plan Comprehensiveness



### Adherence to the Plan



Figures in %

## Indians start planning for retirement in their early thirties – and for a wide variety of reasons

**Indians start planning for retirement, in practice, by the age of 33 (on average).** However, those who haven't already planned say (on average) that they expect to start planning by the age of 51.

**There are several triggers for retirement planning.** 62% of respondents said a major trigger was the prospect of major family expenses. Besides this, 53% alluded to the hoped-for accumulative impact of small investments and 51% expressed hopes of a better life in future, while 49% ascribed their retirement planning to motivation from friends and family.

**Health scares often motivate retirement planning - but not always.** Many Indians are pushed towards retirement planning by the onset (or even just the prospect) of health conditions, from lifestyle diseases to critical illnesses. However, this may not always spur retirement planning. Some simply turn to Mediclaim and health insurance to guarantee their health and financial security in the near future, while again considering retirement as a more distant prospect relative to these threats.

**The nature of the worries covered in retirement planning changes with income.** Those on lower incomes (in the lower ₹20,000-50,000 income bracket) profess more concern about expected events such as a child's education and marriage, household expenses and healthcare expenses. Those on higher incomes tend to have a more expansive portfolio with more substantial investments, and are thus also concerned about external events, like economic slowdowns and stock market volatility.

**Some Indians say they simply don't need a retirement plan.** Of the 51% of Indians with no retirement plan, 55% simply say they don't need a retirement plan to achieve their goals in life. These often tend to be middle-aged (41-60) respondents from metros, who either run businesses or are self-employed, and typically have alternative sources of income.

**Retirement planning is positively correlated to quality of life.** 83% of Indians without a retirement plan also lack an alternative source of income, which means they are heavily dependent on their existing jobs. It is, thus, understandable that 45% of them are not secure about their job, and 42% do not enjoy their job or have some job stress. They live precariously close to the edge, with little margin for error. Conversely, 51% of respondents with retirement plans also have an alternative source of income, helping them diversify and spread their risk.

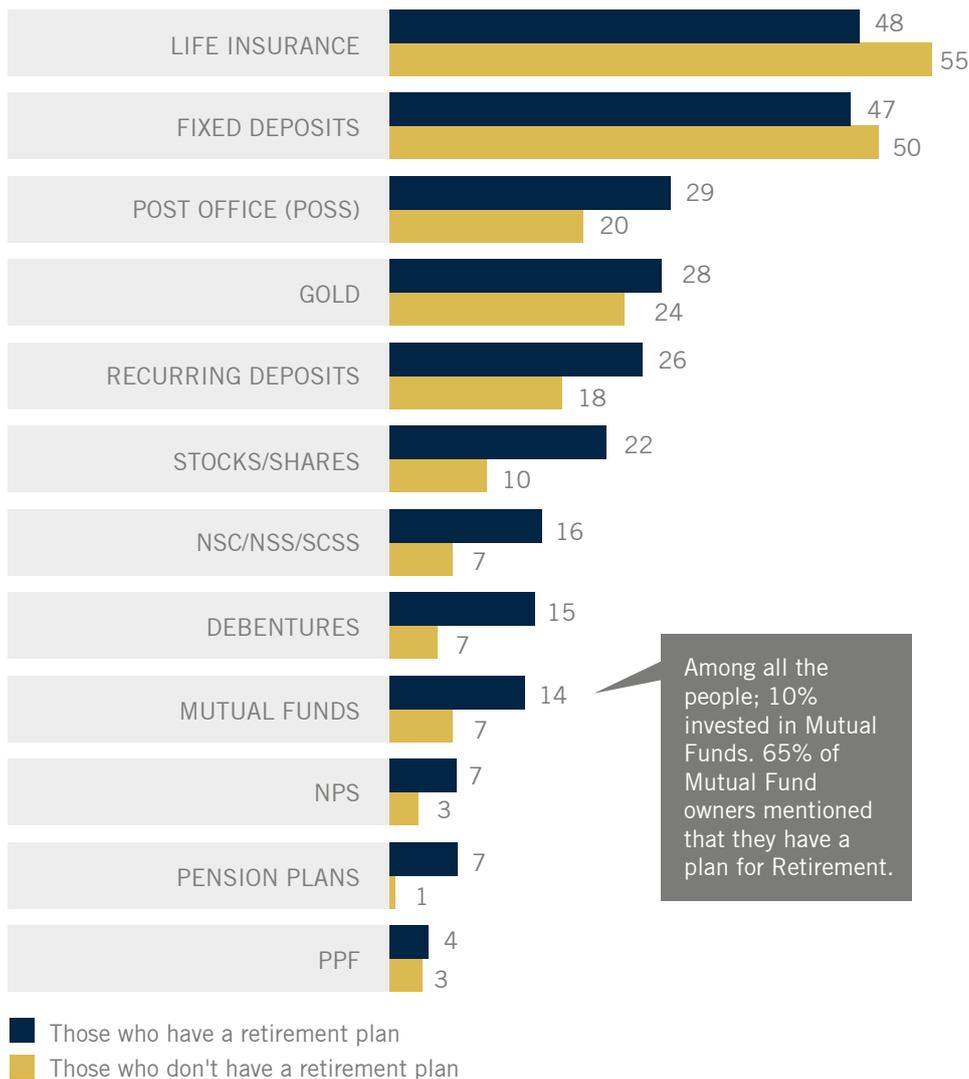
**83% of Indians without a retirement plan also lack an alternative source of income, which means they are heavily dependent on their existing jobs.**



## For retirement, Indians invest primarily in life insurance and Fixed Deposits

41% of respondents said they had focused their retirement investments on life insurance, while 37% preferred fixed deposits. This underlines the essential conservatism of most retirement planning, and the preference for solid investments that minimise risk. Other popular retirement investments include health insurance (favoured by 15% of respondents), gold (15%), recurring deposits (14%), POSS (14%), NSC/ NSS (9%) and property (9%).

### The Investment Habits of Indians



*The percentage of people investing in Mutual Funds is twice among those who have a retirement plan v/s those who don't have a retirement plan.*

Among all the people; 10% invested in Mutual Funds. 65% of Mutual Fund owners mentioned that they have a plan for Retirement.

Figures in %

### Indians with retirement plans invest relatively more in POSS and stocks, among other investments, compared to those without retirement plans.

29% of those who have retirement plans also happened to invest in POSS, compared to 20% for those without a plan, while stocks were favoured by 22% of those with a plan, compared to 10% of those without one. The other investments more favoured by those with a plan (compared to those without one) were stocks (22% to 10%), NSC/ NSS/ SCSS (16% to 7%) and debentures (15% to 5%).

**On the other hand, life insurance, fixed deposits and property proved more popular with those who didn't have a retirement plan, than with those who did.** Life insurance was favoured by 55% of respondents without a plan, compared to 48% of those with one. Fixed deposits were favoured by 50% of those without a plan, compared to 47% of those with one, while property was favoured by 11% of those without a plan, compared to just 8% of those who had one. The percentage of people investing in Mutual Funds is twice among those who have a retirement plan v/s those who don't have a retirement plan. This indicates that those who engage in retirement planning are more likely to recognize mutual funds as good investment vehicles.

## Indians are confident of their retirement plans – but this confidence may be misplaced

**95% of those with retirement plans say they feel assured their plan covers most or all of their goals and expenses.** 92% of them profess to mostly follow their plans. In both cases, the numbers are higher for those from the New Consumer Classification System (NCCS) A category from Tier-1 cities – typically those who are married, with children, and have an alternative income.

**Indians tend to account for personal events, but neglect external events when planning for retirement.** 98% of Indians said their plans account / will account for expected personal events (marriage, expenses, vacations, EMIs etc.), while 54% said their plans cover / will cover unexpected personal events (hospitalisation, sudden disability, critical illness etc.) However, only 33% of Indians said their plan covered/ will cover for critical external events like economic slowdown, inflation, stock market volatility or instability in government regulations or interest rates.

*Only 33% of Indians said their plan covered/ will cover for critical external events*

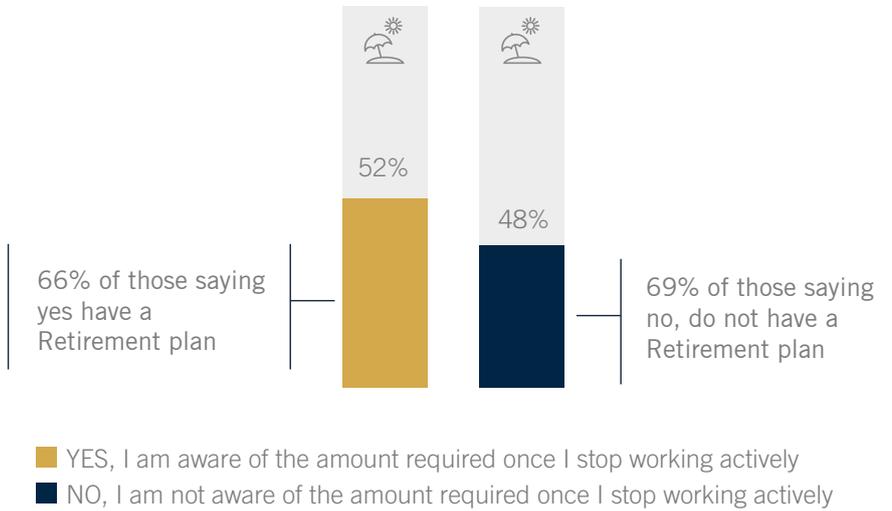
### Factors Considered in Retirement Planning



# Lack of awareness is undermining retirement planning

**Uncertainty about the corpus deters retirement planning.** Of the 48% of respondents who were unsure of their required corpus, 69% ended up making no retirement plan at all. Conversely, of the 52% who say they are aware of the corpus they will need, 66% have a retirement plan.

## Awareness of Amount Required for Life after Retirement



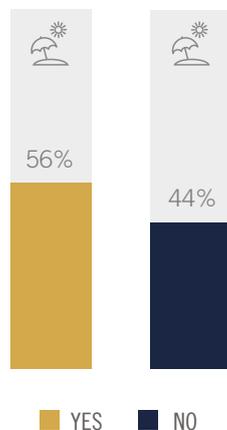
*The most worried respondents are single people living in metros, especially those on a relatively low income, in the ₹20,000-50,000 bracket.*

**39% of Indians say they have no trusted advisor to guide their retirement planning.** The most worried respondents are single people living in metros, especially those on a relatively low income, in the ₹20,000-50,000 bracket – in other words, those who most urgently need sound financial planning to tide over precarious finances.

**Only 56% of Indians have taken any guidance at all on retirement planning.** 60% of them tend to turn to bankers / bank Relationship Managers, while 50% turn to online advisors and 47% turn to independent financial advisors.

*Many feel retirement is a vague and abstract concept - so even if they wanted to plan for retirement, they don't know where to start, or how much to save.*

## Took Guidance on Planning



**Due to the paucity of advice, 48% of Indians are unsure of the retirement corpus they will need.** On average, Indians believe their retirement corpus should be about 7-9 times their annual income. Yet, many feel retirement is a vague and abstract concept – so even if they wanted to plan for retirement, they don't know where to start, or how much to save.

**On average, urban Indians aim to gather a corpus of about ₹50 lakh.** Our respondents, who had an average annual income of around ₹5.72 lakh, at an average age of 44 years, believed that they would need a corpus of around ₹50 lakh for retirement, or about 8.8 times their current annual income.

**Alarmingly, barely 1 in 5 Indians consider inflation while planning for retirement**

Corpus Sufficiency	Overall	Metros	Tier 1
Estimated Corpus Required	50.29	51.08	49.24
Avg. Personal Annual Income	5.72	6.57	5.18
Corpus Required x Annual Income	8.79	8.43	9.51

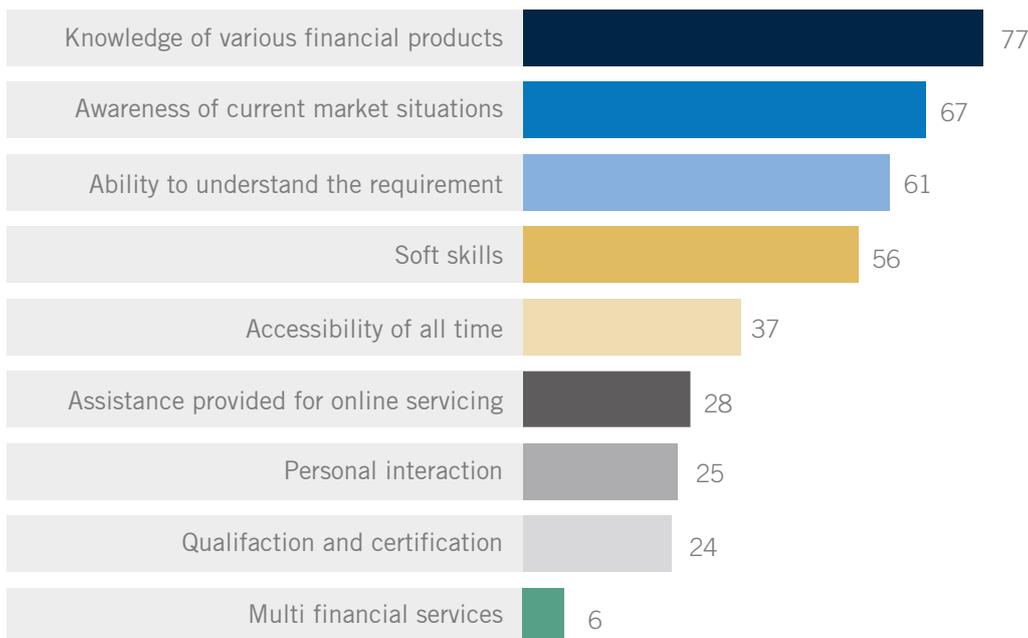
Figures in ₹ Lakhs

**Ill-advised retirement plans can be extremely risky.** Alarmingly, barely 1 in 5 Indians consider inflation while planning for retirement – so having a plan alone is not enough for financial security. Even those who try to estimate a future monthly expenditure, accounting for inflation, may find their calculations upended by unexpectedly large expenses like hospitalisation charges.

## The silver lining is that Indians are eager to learn more

**Most Indians are keen to have a knowledgeable financial advisor.** When asked what they look for in an advisor, 77% of Indians said they would prioritise in-depth knowledge of products, while 67% said market awareness was important, and 61% said they looked for sensitivity to customer needs. Only 25% of respondents emphasised the need for personal interaction, perhaps suggesting that Indians don't necessarily need constant close interaction with their advisors, provided they can trust their financial acumen.

### What Indians Seek in an Advisor



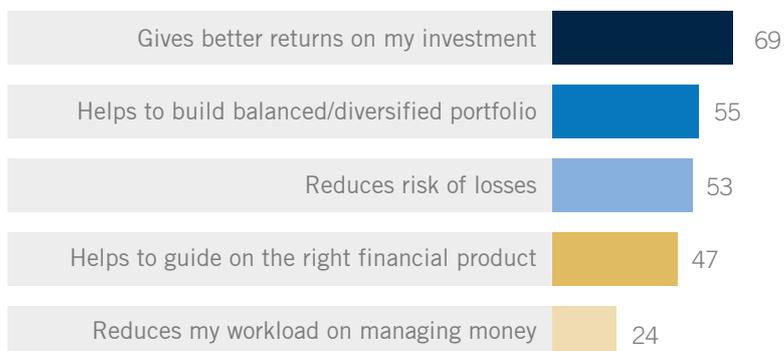
Figures in %

**77% of Indians said they would prioritise in-depth knowledge of products, while 67% said market awareness was important, and 61% said they looked for sensitivity to customer needs.**

**Most Indians are aware of the advantage of having good financial advice.**

When asked what they thought they would gain from seeking financial advice, most respondents cited a wide range of benefits. 69% cited the likelihood of getting better returns, while 55% mentioned the need to build a diversified portfolio, and 53% said they hoped to reduce the risk of losses.

### What Indians Hope to Gain from Financial Advice



Figures in %

## Employers have a vital role to play in raising awareness

Employers are helping their employees plan for retirement – but they can do more. Only 46% of the private sector employees mention that they received frequent and sustained encouragement from their employer to plan for retirement. This number is 83% among public-sector employees.

### Motivation/Support from Employer



Figures in %

**Guidance from an employer can have a significant bearing on employee retirement planning.** 88% of Indians say they would be at least somewhat motivated to plan for retirement if they got help and guidance in retirement planning from their employers, with 56% saying it would strongly motivate them to begin planning.

### Guidance from Employer



Figures in %

**65% of Indians say getting retirement planning advice from their employer would make them more loyal to the organisation.**

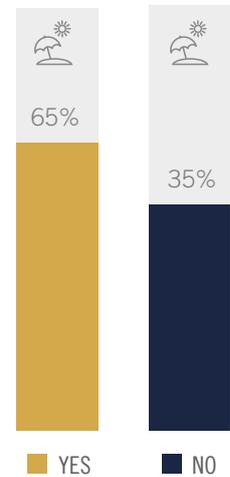


**For employers, the upside of this is not just a more informed workforce, but also a more devoted one.** 65% of Indians say getting retirement planning advice from their employer would make them more loyal to the organisation.

**This mirrors the situation in other markets, too.** According to a recent survey conducted by PGIM in Taiwan, 68% of survey respondents said it would be helpful to have their employers provide financial wellness programmes – and 77% said it would make them more loyal to the company. Studies have also shown similar trends in the United States, as employees increasingly turn to employers as trusted providers of guidance and plans to achieve long-term financial security. A similar study done by PwC in US in 2016 said that 28% of employees believe that financial issues distract them at work\* and 28% of employees felt that financial stress affected their health\*.

**There is a significant opportunity here for Indian private-sector employers.** Besides the moral imperative to help employees, employers stand to gain significantly from facilitating the financial wellness of their employees. These programmes help companies attract and retain talent and boost productivity, and reduce employee stress. Given that 54% of private sector workers in India have not had frequent retirement planning support from their employer, this is a great untapped opportunity for employers to build employee loyalty, and create a happier, more focused and more productive workforce.

## Would You Feel Greater Loyalty to Your Employer if They Facilitated Retirement Planning?



Base: All salaried employees

# Conclusion



**A perfect storm is brewing on retirement in India.** Rising prosperity and improving healthcare have greatly increased the average life-span. Traditional family structures have begun to fragment, creating greater anxiety about the future. The cost of living continues to rise inexorably. And yet, just when there is an urgent need for sound retirement planning, guided by expert advice, Indians are saving and investing less.

**Rising incomes should see retirement planning pick up – but in the meantime, people are vulnerable.** Once Indians start earning enough to have some money spare after fulfilling all their immediate priorities and goals, they tend to invest some money for the long-term. This does, however, leave them vulnerable to running out of money if these funds have to be tapped for other contingencies before that.

**Financial services companies must take responsibility to raise awareness about retirement planning.** The onus is on them to make expert advice more accessible, in order to demystify retirement for Indians. To some extent, they may have to recognise the aspirations of urban Indians and promote practical retirement plans that can be accomplished without compromising unduly on one's current lifestyle.

**Fund houses and other experts must change the conversation on retirement.** They must explain to people how retirement planning does not diminish financial freedom, but enhances it, and in fact enables a stress-free post-retirement life with complete financial security. Above all, they must remove the stigma around 'retirement' by changing the narrative from the negative thought of becoming obsolete, to the positive thought of a happy and secure retired life.

*Once Indians start earning enough to have some money spare after fulfilling all their immediate priorities and goals, they tend to invest some money for the long-term. This does, however, leave them vulnerable to running out of money if these funds have to be tapped for other contingencies before that.*



[care@pgimindia.co.in](mailto:care@pgimindia.co.in)

Toll Free No: 1800 2667 446

[www.pgimindiamf.com](http://www.pgimindiamf.com)

