

# Awareness Study of Personal Financial Planning among the Households in Sattur Town, Virudhunagar District, Tamil Nadu

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(Received 2 April 2022; Accepted 9 May 2022; Available online 20 May 2022)

**Abstract** - “How is that people are motivated to go to a doctor but not motivated to go to a financial counselor, if individuals are ultimately responsible for their own financial health” (Bowditch, 2005). The above quote touches an important aspect of individual financial planning behavior i.e., the lack of motivation to engage in personal financial planning. This observation prompted the researcher’s interest in studying the individual financial behavior as personal financial planning is becoming increasingly important in academic world as well as in practical life. Financial awareness prepares an individual with the ability to understand, monitor, and use the financial resources effectively to enhance the well-being of one’s own self and also the economic security of the family. The understanding of financial needs allows one to know the financial structure and the related financial literacy level. The main objective of the study is to assess the awareness of personal financial planning among households in Sattur town. The questionnaire administered in this study measures the level of awareness about preparing financial planning and knowing the economic and social benefits of the same. The survey examines the respondents’ awareness about personal financial planning. The researcher prepares three questions to measure the level of awareness on respondents’ knowledge, skills and their views on socio economic benefits. To examine the range of awareness among households of Sattur town, three items are chosen viz, awareness on personal financial planning, perception levels, economic and social needs and their response was tabulated. The research concluded that though the study in the area of personal financial planning has recognized that general education significantly increases the investment, income and retirement savings, it may not prepare one with sufficient skill and knowledge for taking investment decisions. Only financial education at early stages of life i.e., at the school or college level, helps in promoting personal financial planning of households.

**Keywords:** Personal Financial Planning, Individual Planning, Saving, Investment Decision

## I. INTRODUCTION

The relationship between personal financial planning and economic growth has received consideration as an interesting area of research study for social scientists throughout the world. An extensive financial plan cannot only increase the quality of life, but also increase the satisfaction by reducing unsureness about future needs and possessions. The benefits of personal financial planning are as follows.

1. Increased efficiency in obtaining, employing, and protecting financial resources throughout one’s lifetime.
2. Improved control of financial affairs by evading surplus debt, bankruptcy and the need to depend on others for economic safety and security.
3. Enhanced personal relationships which results from effectively communicated and well-planned financial decisions.
4. Freedom from financial worries by focusing on anticipated future expenses and attaining personal economic goals.

A wide conducted research on personal financial planning is imperfect without evaluating the awareness levels of the sampled population. Correspondingly, knowledge of saving schemes, insurance service, retirement plan, investment planning, estate planning and other related aspects may not be sufficient for the current study. Individuals must know the way or process of personal financial planning together with its associated benefits in order to get rewards in future.

The present study aimed at measuring the awareness levels of sampled respondents on various aspects of personal financial planning. Similarly, the complication in the personal financial planning process forces investors to plan their savings with at most care and caution. Hence, people should be conscious of both the traditional and innovative financial products.

Financial awareness prepares the individual investors with the ability to understand, monitor and use the financial resources effectively to enhance their well-being as well as the economic security for the self, family and one’s business. The knowledge of financial needs enables one to know the structure and related literacy at various stages.

The ability to frame financial choices that are compatible with preferences is restricted by someone’s ability to gather and process information. Lack of knowledge of financial planning results in a household’s decision of not participating in financial markets.