1. Introduction

1.1. About Financial Planning

A **financial plan** is a comprehensive evaluation of an individual's current pay and future financial state by using current known variables to predict future income, asset values and withdrawal plans. Personal Financial planning is the process of meeting one‘s financial life goals through the proper management of personal finances, it includes buying a house, saving for your child's higher education or planning for retirement**.** *“If you don't take care of your money your money won't take care of you”* rightly said by — Dr. Mac Duke, the financial Strategist. Planning of money is essential for each and everyone, be it a teenager or a retired citizen.

Post Liberalization India has undergone many socioeconomic changes. Increase in per capita income, increase in life span of an average person, changing social structure from joint family to nuclear ones and lack of robust social security system; ask for a change in management of personal finance of an individual. Even in **ET Wealth *research*** study in 2019, involving 22 financial planners and wealth managers reveals, the top five goals of an average Indian family included children’s education, marriage, buying a house and a car and saving for retirement in 2009 has severely changed to international vacation, buying expensive gadgets, luxury cars and club memberships, entrepreneurship and early retirement have emerged as the other offbeat goals to them. Apart from this “Thanks to online cab services, online shopping and around the day food delivery, people have got into the habit of spending more, without ascertaining the necessity. Unregulated use of credit cards, taking personal loans and falling prey to cashback offers are key mistakes that individuals make today. These spending habits lead them into a cesspit of debt. These newer expenses and goals call for tweaking the financial planning approach to avoid the risk of overspending and a debt trap.

There's no 'one size fits all' approach. One’s finances need to be personalised according to their risk profile, situations, etc. Earning money is only half the equation for achieving financial independence. Effectively putting your money to work for you is equally important. In addition, circumstances are frequently different for women, and whatever choices you make will be better as a result of greater knowledge of the underlying issues & your options.

1.2. Need for Financial Planning:

- **Inflation-** Indians are wise savers but poor investors (Visa 2012). Indians save money into traditional risk free products like Bank FD, Saving Bank Account, Insurance. This may not be sufficient to overcome the impact of increase in inflation. Therefore, a well balanced personal financial plan is required to protect the investors from the impact of inflation.
- **Longer life span-** People lives a longer retired life now, as compared to the earlier generations. People start earning by the time one reaches the age of 22 years, work till the age of 50 years and live till around 65 years. In such a case, one earns for 25-27 years and lives off the retirement savings for the next 15 years. So an individual work and earns for 25 years to support post-retirement life of 15 years. Hence, one needs to create an adequate corpus for retirement when expenses continue but income seems to be drying.
- **Proliferation of numerous products-** The Indian investor has a number of investment options coming now and then to choose from. Some are traditional investments that have been used across generations like real estate, gold, and fixed deposits while some are relatively newer options that have become popular in recent years like Mutual Funds, equity trading, Portfolio Management Schemes, etc. Since there are so many types of investment vehicles, it is normal for an investor to get confused while calculating returns and risk of each of them. Hence, it becomes difficult for investors to select the right financial product to tailor their needs as many of them lack financial education and knowledge.
- **Increasing income**- In India, working millennials' gross income is significantly higher than that of the older generation: 57 percent of all working millennia's are the chief wage earners in their families. So their requirement for management of finance is definite.
- **Increasing level of borrowings-** In today's financial markets, there is an easy access

to loans resulting in increased levels of borrowings by people. If not managed carefully, this may lead to a serious mismatch in earnings and repayment leading to problems in cash flow. Leveraging the low interest rates is a critical aspect which needs to be explained to the borrowers.

The Financial plan considers your personal circumstances, objectives and risk acceptance. It acts as a guide in helping choose the right types of investments to fit one's needs, expected returns, and goals.

1.3. Financial Planning in India

As per RBI report of the Household finance committee 2016, the average Indian household holds 84% of its wealth in real estate and other physical goods, 11% in gold and the residual 5% in financial assets. Also, the majority of savings of older generation lie in Fixed Deposits and PPF accounts which are low interest earning and sometimes don't even cover inflation. Hence real returns are negative. Following are the findings according to Indian RBI's statistical data on Indian Households Savings & Investments (2017-18)

- The Gross Financial Savings during 2015-16 & 2016-17 were Rs 15,207 billion and Rs 14,048 billion. The savings in Physical Assets were around Rs 12,700 & Rs.13900 billion during 2015-16 and 2016-17 respectively. As per the data for 2017-18, around Rs 18,800 billion were invested in financial assets.
- The above recent years data clearly indicates that there has been a slight uptick of savings in Physical Assets which count more than 75% of savings and steep increase of savings in Financial Assets *(2017 Vs 2018)*.

The movement towards financial investment is visible through above data. More Individuals are moving to newly introduced financial assets but still the investment in physical asset is maximum. It indirectly affects the investment amount in financial markets of economy which can grow better if more proportion of money invested in them. As per RBI officials "More households have to be brought into the financial system. We should aim for a healthy mix of financial assets and physical assets. Channelling household's savings into the financial markets is imperative". This is only investment part, Indians lack retirement planning too.

People still haven't understood the benefits of creating a financial plan under professional advice, because financial planning and investments are made with adequate research as Individual investment goal should be properly divided into short, medium and long term. Proper allocation should be done in various instruments according to time period and goal. Appropriate personal Financial Planning helps in reducing the financial uncertainties which can be a hindrance to the growth of the country. So People need to be educated and informed about financial planning and this will provide a greater opportunity to financial distribution in economy.

1.4. Financial Planning and Working millennials

Each generation is unique. Each has different characteristics in terms of size, educational levels, technological capabilities, and racial composition. Very importantly, each enters adulthood in a different historical period, a different job market and a different economic situation. Yet, each generation also follows fairly consistent patterns as they mature, gain experience managing money, increase their savings and prepare financially and in other ways for retirement.

The Millennial Generation is the generation of children born between 1982 and 2004. Millennials are stereotyped to' buy now, pay later' and typically not saving enough for debt payment or planning emergency fund. Their financial management is vital to the Indian economy being a major part of the population they are the economic driver of it. According to a Morgan Stanley report of April 2018, India will have 410 million working millennials, who will spend $330 billion annually, by 2021. That's more than the total population of the US, and more than the total number of millennials (400 million) that China has today. Naturally, the economy is going to affect by their financial decisions at large. The Generation one belongs, more than age, seems to determine how much one invests and the nature of the investments one chooses.

Money habits of Indian Millennials: -

1. Research conducted by ICICI revealed, the favorite pastime of the millennial generation is travel. And 87% of affluent Indian millennial holiday overseas at least once every year.
2. They also spend a big amount on restaurant orders and on-line shopping

Why "Millennials' need financial planning?

- Over Debt due to huge spending on travel and online shopping through retail loans or credit cards
- Lack of financial education and skills for investment
- Lack of financial security due to uncertainties in the economy
- Availability of numerous financial investments products
- Postponing retirement goals

2. Literature review

A review of prior literature is an essential feature of any academic research. An effective review lays foundation for advanced research. It facilitates new theory development and uncovers the areas where research is needed (Jane, 2002).

Dr. Sunil Karve* & Mrs. Hemadeogharkar (2016) has recently explored the need of financial planning for individuals. Objectives of the study were to study the pattern in which individual allocates their savings and to understand the awareness of investor about investment avenues. Study found that, while most respondents feel both that financial planning is important and that they are interested in developing a financial plan, very few feel that they have the necessary knowledge to prepare their own plan. And also concluded the paper by stating respondents delay their financial planning due to various reasons like Waiting to have money to do financial planning, Lack of knowledge, etc..

Khan K. (2015) had done similar study in city of Kampala, Uganda. Study was done to assess financial awareness of the working women in Kampala and to study the correlation between financial awareness and their investment preferences. Sample was selected with convenience sampling method and 200 working women were selected in the sample. Primary data was collected with the help of structured questionnaire. Study revealed that women of Kampala city are highly aware about Saving Bank Account, Insurance, and Bank Fixed Deposits. Awareness related to stock market is considerably low amongst them. From the correlation test, it was found that there is a strong correlation between financial awareness and investment preference of the respondents.

According to **Hung A. *et. al.* (2012),** there is an optimistic impact of financial literacy on financial attitude, behaviour and financial well-being. Financially educated people do better at budgeting, saving money and spending, handling mortgages, participating in other financial markets, do well again at retirement planning and successfully accumulate wealth. Higher financial literacy leads to greater financial well-being and less financial concerns. **(Taft M,2013)**

Vople, Chen, & Liu (2006) in their paper have tried to identify issues which are important to respondents regarding personal financial planning. Along with it, researchers have also tried to probe the knowledge regarding this aspects which are considered to be important by respondents.

Williams A. (2008) has explained the importance of financial planning and literacy in college students. Objective of the study was to identify the common mistakes done by the students when first starting to deal with their financials. Study found that mistakes done by majority of the students who graduate are due to lack of financial knowledge; they delay the repayment of student loans, accumulation of unnecessary debt, high credit card debts and their failure to save. Other objective was to outline the essentials of financial planning for college graduates. Study has thrown light to various concepts like principle of investing, power of compounding, investment avenues like equity, bonds, Mutual Funds, ETFs, Concept of diversification, Retirement planning, and Real Estate. This study serves as a theoretical background for further studies.

A NewYork based certified financial planner, Mr. Douglas A. Boneparth who is also now head of CNBC Digital Financial Advisor Council, 2018, and CFP Board Ambassador for New York, too agree that segmenting population based on generations will widen the

target and will be easy to advise based on their generational behavior and attitude. He was so convinced that he ended up writing a book named *The Millennial Money Fix* where he explains about the financial habits of Millennials and also advises them how to plan their finances wisely.
Many of the financial planners in India have also considered this study significant and presented articles on the same. An Indian certified financial planner Mr. Suresh Sadagopan, founder, Ladder7 Financial Advisories said in the interview with Livemint on 21 December, 2018 that 'Our firm also initiated segmenting customers by generations because he found that investment pattern and risk pattern and financial habits of same age cohorts are similar'.

In India a certified Investment planner and Head writer at Mint Money, **Mr. Ashwini Kumar** recently wrote on "How Millennial Investing Trends Differ from Their Parents' dated 14 Jan 2019, in this article he has explored the prominent investment pattern by current generation into traditional financial vehicles such as bank deposits, gold due to their parents influence. And the changing trend of some Working millennials generation who are opting for information out on internet and professionals and has started investing in tax savings as well as in return-oriented plans.

3.1 Rationale

Strengthening of any economy depends upon the financial well-being of the residents of the country. Past researches show that the financial well-being of individuals depends upon their financial literacy& knowledge and attitude towards personal financial planning. The financial planning of Millennial has raised great concerns in India as it is home to 40crore Millennials, the highest millennial population in the world, says a wealth report published by Julius Baer, one of the largest wealth management firms in the world.

Millennial's account for more than 55% of the total Indian population. Working millennials are making more money and also spending more than their previous generations, as stated in ET money dated 7th august, 2018. It raises the fear of consumer-related financial distress in the economy due to excessive spending on online shopping and luxuries, traveling abroad, higher education cost, vehicle loans, and credit card debt levels. Indeed, millennial generation personal finances are more relevant to the state of the economy than those of any preceding generation. Therefore, creating a secure financial future is extremely important for them and for the economy at large. The focus on the generations can be of substantial interest as every specific generation don't only share age but also share a history, common culture, beliefs, values and a set of experiences that influenced their lives. Every generation encompasses a different attitude, beliefs, values, and thinking process. It is a new approach to market segmentation which is implemented in every field whether its economics, marketing or finance. So to deal with the larger part of Indian population the study has chosen working millennials.

The study is designed to answer underneath questions:

- How financial knowledge influences the investment decisions of working millennials and what are the sources of gaining financial knowledge for them.
- How does working millennials identify financial risk and security, and are the different generations aligned with each other or not?
- Which investment options are preferred most by working millennials?
- Which source of receiving financial advice do they value more – from parents or a professional advisor?

The present study will research the personal financial planning attitudes of working Millennials in Kandivali. It will be inclusive of about their level of knowledge regarding financial investment options, their preferred investment products, components of their financial plan, whether they seek assistance while financial planning, and if yes, whom they approach for such help and if they seek professional help than what will be the criteria for selecting a financial planner. In the end, the study will also provide suitable financial plans for each generation after consulting expert financial planners in Kandivali.

4. Hypothesis

1. Level of perception does not impact on financial investment decision among millennials
2. Level of perception impact on financial investment decision among millennials
3. Awareness of different Investment avenues differs significantly with respect to the generation of the respondents.
4. Awareness of different Investment avenues does not differ significantly with respect to the generation of the respondents.
5. Implication of personal Financial management skills do not bring investment in economy
6. Implication of personal Financial management skills bring investment in economy
7. Professional Financial advisors do not help in securing financial future of youths.
8. Professional Financial advisors help in securing financial future of youths.

5. Aims and Objectives

- To examine the need and benefits of personal financial planning for working millennial Generation in Kandivali.
- To study and to analyze the awareness of personal financial Planning among millennials of Kandivali.
- To identify attitude regarding personal financial planning of Kandivali millennials.
- To study how Kandivali Millennials manage their finances, investments, and risk.
- To explore the challenges faced by Millennials while developing and implementing a financial plan.
- To discover whom Working millennials approach for financial advice.

6. RESEARCH METHODOLOGY

6.1 Collection of data

Data would be collected with the help of surveys, interviews, and questionnaires. The survey would be done in two parts. The first part would be done with the help of working millennials to understand their awareness of personal financial planning in Kandivali.

The second part would be undertaken with the help of financial planners and investment planners to understand what difference of thoughts and challenges they face while creating plans for both generations. Interviews would be fielded to financial planners, investment advisors; insurance agents and financial companies will also be conducted and will be used for analysis and interpretation. Apart from collecting information from primary sources, an extensive review of literature will be undertaken through various books, research reports, periodicals, journals, government publications and also web media.

6.2 Research design and Sampling:

For purpose of fulfilling the objectives defined earlier Descriptive Research Design is considered most suitable. Hence it will be adopted for conducting the study. Sampling Unit of the research will be persons aging from 22 years to 37 years from the kandivali region. Non Probability technique of selecting sample will be used for the study. The sampling method used will be Random Sampling. For collecting the interviews, Structured Interviews will be conducted.

TOOLS EMPLOYED- Various Statistical tools will use such as fast statist, SPSS, AVONA etc. With the help of tables Pie charts Histogram and Structured Tables will use in Explanation to bring the point more clear. Therefore with this in mind, while presenting Argument in theory, diagrammatic, structural, graphic representation will sort on some necessary cases exhibit will give to draw, made calculation of percentage, ranks and means of comparisons.

STATISTICAL ANALYSIS

a. Scaling Techniques: scaling, describes the procedure of accessing number of various degrees of opinion , attitude and other concepts

b. A popular and appropriate Statistical method will be adopted for Acheiving the objectives of study and to find out the relevance of Hypothesis

7. Expected Outcome:

The present study will provide guidelines to Working millennials in creating their financial plans by educating them about the process and components of a financial plan. It will also act as a roadmap to achieve their financial goals by advising suitable financial habits.

The research will help financial planners and Investment Advisors, to better understand the attitude, behaviour and financial goals of different generations. So they can assist and guide them accordingly to achieve their goals.

The analysis covered in the study will help SEBI, RBI, and, Banks & Other Financial Institutions who conducts financial awareness seminars in the country regarding the attitude of generations towards investments for planning their campaigns.

The fact that working millennials will be the largest client group is a challenge faced by all finance companies inclusive of insurance, financial advisors, investment advisors, etc. subsequently it is essential that these companies find ways to connect with Working millennials and generation X, to sell their policies and products. This research will do that part of helping companies in targeting both generation individuals and designing advertising and promoting products in the manner required by them.

This research will be assisting generations in making their financial plans. It will equip them with knowledge about money, and influencing their attitudes toward making rational financial decisions and reducing their financial risk and uncertainties. And it is said that Balanced Personal Financial Plan also plays a vital role for Financial Well Being of an individual and country at a large.