

Financial Planning Behavior of Salaried Employees in Kerala: An Empirical Study in Thrissur District

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Abstract: *Financial planning is crucial for salaried employees to ensure financial security and effective management of income. This study examines the financial planning behaviour of salaried employees in Thrissur district, Kerala, based on a sample of 150 respondents. The research focuses on savings patterns, investment preferences, tax-saving practices, and financial literacy levels. Primary data were collected through a structured questionnaire, and analysis was conducted using descriptive statistics and regression techniques in SPSS. The findings reveal that while most employees engage in basic financial planning, structured and goal-oriented planning is limited. Traditional investment avenues such as fixed deposits and insurance are widely preferred, whereas participation in market-linked instruments remains moderate. Financial literacy is found to significantly influence financial planning and tax-saving behaviour. Employees with higher awareness demonstrate better investment diversification and effective use of tax-saving instruments. The study highlights the need for enhanced financial literacy programs to promote informed financial decision-making among salaried employees.*

Keywords: *Financial planning*

I. INTRODUCTION

Financial planning is a systematic process of managing income, expenses, savings, and investments to achieve financial goals and ensure long-term security. For salaried employees, who rely on fixed monthly income, effective financial planning becomes essential to meet rising living costs, future uncertainties, and retirement needs. In Kerala, particularly in Thrissur district, increasing access to financial products has influenced individual financial decisions. However, differences in financial literacy and awareness affect planning behaviour. This study aims to analyse the financial planning behaviour of salaried employees by examining their savings patterns, investment choices, and tax-saving practices, and identifying the role of financial literacy in shaping their decisions.

Review of Literature

Recent studies highlight the growing importance of financial literacy and behavioural factors in shaping financial planning behaviour. Yeo et al. (2024) emphasized that financial planning is strongly influenced by attitude, subjective norms, and perceived behavioural control, supporting the applicability of the Theory of Planned Behaviour. Their findings suggest that individuals with a positive attitude towards saving and investing are more likely to engage in systematic financial planning.

Similarly, Rehman et al. (2024) identified financial literacy as a key determinant of financial decision-making, stating that higher levels of education and financial awareness significantly improve planning behaviour. The study concluded that income alone does not guarantee effective financial management without adequate knowledge.

In the Indian context, Linge et al. (2025) found that financial literacy positively influences budgeting, saving, and investment decisions among working individuals. Their results indicate that financially literate employees are more likely to adopt diversified investment strategies.



Furthermore, Chhillar et al. (2025) reported that digital financial literacy enhances personal financial management and encourages the use of modern financial instruments.

Overall, the literature confirms that financial literacy and behavioural factors play a crucial role in effective financial planning.

Objectives of the Study

- To examine savings and investment patterns of salaried employees
- To analyze tax-saving strategies adopted by salaried employees
- To study the relationship between financial literacy and financial planning behavior

Research Methodology

The study adopts a descriptive research design to analyse the financial planning behaviour of salaried employees in Thrissur district, Kerala. The population includes employees from both public and private sectors. A sample of 150 respondents was selected using convenience sampling. Primary data were collected through a structured questionnaire covering savings patterns, investment preferences, tax-saving practices, and financial literacy.

The questionnaire consisted of closed-ended and Likert scale questions to ensure easy analysis. Secondary data were gathered from journals, SEBI and RBI reports, and other reliable sources. The collected data were analysed using SPSS software. Statistical tools such as descriptive statistics, correlation, and regression analysis were used to interpret the data and examine relationships between variables.

Data Analysis

The analysis of data shows that a majority of respondents actively engage in basic financial planning, though structured planning remains moderate. Descriptive statistics indicate that 62% of respondents prefer traditional investment options such as fixed deposits and insurance, while 38% invest in market-linked instruments. Correlation analysis reveals a positive relationship between financial literacy and financial planning behaviour. Regression results confirm that financial literacy significantly influences financial planning and tax-saving practices ($p < 0.05$).

Variable	Beta Coefficient	Significance (p-value)
Financial Literacy	0.52	0.001
Tax-saving Behaviour	0.44	0.012

Findings

The study reveals that financial literacy has a significant impact on the financial planning behaviour of salaried employees. Most respondents prefer traditional investment avenues such as fixed deposits and insurance, while participation in market-linked instruments is comparatively lower. Although a majority engage in basic financial planning, structured and goal-oriented planning remains moderate. The results also indicate a positive relationship between financial awareness and effective tax-saving practices among salaried individuals.

Suggestions

It is suggested that financial literacy programs should be strengthened through workshops, seminars, and workplace training initiatives. Employers can play a key role by organizing financial awareness sessions for employees. Promoting digital financial education and simplifying investment information can help individuals make informed decisions. Encouraging salaried employees to diversify investments and utilize modern tax-saving instruments such as ELSS and mutual funds will improve financial planning practices and long-term financial security.



II. CONCLUSION

The study concludes that financial planning behavior among salaried employees is largely influenced by their level of financial literacy. While basic planning practices exist, there is a need for more structured and diversified approaches. Improving financial knowledge can enhance decision-making, encourage better investment choices, and strengthen financial stability. Overall, effective financial planning supported by awareness and education can significantly improve the financial well-being of salaried employees in Kerala..

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