Retirement Preparedness of Indian Millennials: A Secondary Data Analysis

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***Abstract*—Retirement planning has emerged as a critical financial priority for millennials in India amid evolving demographic, economic, and social conditions. Millennials, commonly defined as individuals born between 1981 and 1996, are estimated to number approximately 440 million in India, representing nearly 31% of the national population and a substantial share of the country's working-age labour force (Morgan Stanley, 2024; UN Population Estimates, 2022)[1]. This generation constitutes a major pillar of India's workforce, consumption base, tax revenues, and future retiree population. As millennials move toward retirement over the coming decades, inadequate preparedness may generate broader macroeconomic consequences through weaker household financial security, higher old-age dependency burdens, increased pressure on pension and healthcare systems, and softer domestic demand.**

Experiences from ageing economies such as Japan demonstrate how demographic transition combined with insufficient retirement preparedness can contribute to slower consumption growth, rising welfare costs, and long-term economic strain (OECD, 2024)[2].

Traditional post-retirement support systems in India, such as joint family dependence, inherited wealth, and defined pension benefits, have weakened, thereby increasing the need for self-funded retirement security. At the same time, India's life expectancy has risen to 70.8 years, extending the duration for which individuals may require post-retirement income support (World Bank, 2025)[3]. Despite being in their prime earning years, millennials face growing financial pressure. The Deloitte Global Gen Z and Millennial Survey (2025) reported that nearly 52% of Indian millennials live paycheck-to-paycheck, while a majority expressed concern over rising living costs and long-term financial security.

The present study analyses the retirement planning challenges of Indian millennials using secondary evidence drawn from reports published by the Reserve Bank of India (RBI), AMFI, SEBI, Deloitte, PGIM India, the World Bank, and other international institutions. Trend analysis and interpretative methods are applied to indicators such as household savings, SIP participation, pension access, insurance penetration, inflation, and behavioural finance patterns.

According to the Reserve Bank of India (2023), net household financial savings declined significantly to 5.1% of GDP in FY2023, compared with 7.2% in FY2022, signalling reduced long-term savings capacity (Reserve Bank of India, 2023)[4]. Meanwhile, AMFI reported that monthly SIP contributions increased from ₹13,856 crore in March 2022 to ₹26,459 crore in December 2024, indicating growing participation in disciplined investing (AMFI, 2024)[5]. However, the PGIM India Retirement Readiness Survey (2025) found that

[1] United Nations. (2025). World population prospects. United Nations Population Division. https://population.un.org/wpp/
[2] OECD. (2024). Pensions at a glance 2024: OECD and G20 indicators. OECD Publishing. https://www.oecd.org/en/publications/pensions-at-a-glance_19991363.html
[3] World Bank. (2025). World development indicators: Life expectancy at birth, India. World Bank.
[4] Reserve Bank of India. (2023). Annual Report 2022–23. Mumbai: Reserve Bank of India. https://www.rbi.org.in/Scripts/AnnualReportMainDisplay.aspx
[5] Association of Mutual Funds in India. (2024). Monthly mutual fund data report: December 2024. AMFI. AMFI Monthly Data Reports. https://www.amfiindia.com/research-information/other-data/monthly-average-assets-under-management

only 37% of respondents had a structured retirement plan, revealing a significant preparedness gap[6].
The study finds that retirement insecurity among Indian millennials is driven by a combination of behavioural and structural factors, including delayed investing, lifestyle inflation, debt obligations, underinsurance, and limited pension coverage. It concludes that increasing financial awareness alone is insufficient without disciplined execution. The paper recommends a retirement framework based on early investing, insurance protection, higher savings discipline, and supportive policy measures such as pension inclusion and workplace financial wellness programs. The study contributes by integrating recent secondary evidence into a focused assessment of retirement readiness among Indian millennials and its long-term implications for India's economic resilience.

***Index Terms*—Retirement Planning, Millennials, India, Demographic Dividend, Savings Behaviour, Financial Security, SIP, Pension Preparedness, Secondary Evidence.**

I. INTRODUCTION (REVISED WITH MILLENNIAL GENERATION DATA, STATISTICAL EVIDENCE, AND REFERENCES)

Retirement planning refers to the process of preparing financially for the stage of life when regular employment income significantly reduces or ceases. It is one of the most important components of personal financial planning because income earned during working years must be converted into long-term financial security for non-working years. A well-structured retirement plan enables individuals to maintain their standard of living, meet healthcare expenses, and preserve financial independence during later life.

In the Indian context retirement planning has gained significant importance in recent years due to major demographic and economic transitions. Traditionally, many households relied on joint family systems, inherited wealth, or pension income. However, rapid urbanization, the rise of nuclear family structures, changing lifestyles, and the expansion of private-sector employment have weakened these traditional support systems. As a result, self-funded retirement planning has become a necessity rather than a choice.

India is currently in a favourable demographic phase, often described as a demographic dividend, with a large proportion of the population falling within the working-age group (15–64 years) (National Institution for Transforming India (NITI Aayog), 2018)[7]. This presents a major opportunity for wealth creation and long-term savings if income is channelled productively.

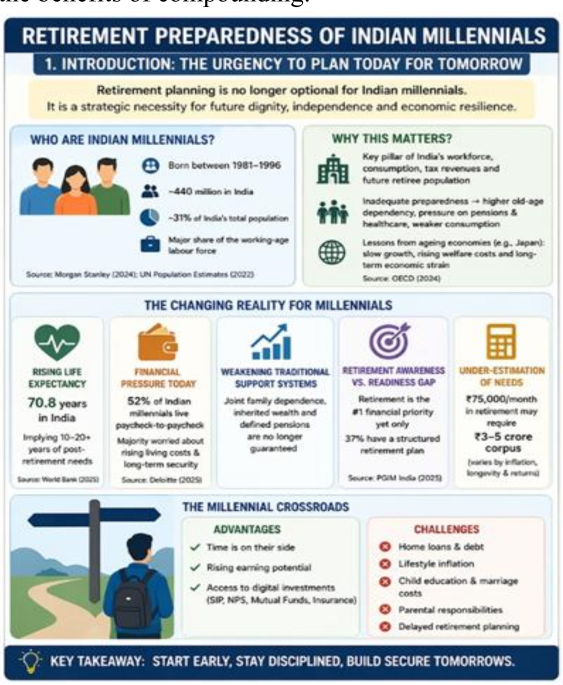
Millennials form a substantial and economically significant segment of this working population. In India, millennials are generally considered individuals born between the early 1980s and mid-1990s, placing many of them currently in the approximate age group of 30 to 45 years. This is typically the prime earning stage of life, when income growth potential is high and retirement planning should ideally be strongest. In several modern industries, millennials already dominate the workforce . A large proportion of employees in India's Global Capability Centres (GCCs) belong to younger cohorts, with millennials and Gen Z accounting for nearly 90% of the workforce (Great Place to Work India, 2024)[8].

At the same time, millennials face growing financial pressures. The 2025 Deloitte Global Gen Z and Millennial Survey found that over half of India's young workforce lives paycheck-to-paycheck, indicating limited monthly surplus available for long-term investments. The same survey reported that 97% of Indian millennials consider on-the-job learning important for career growth, reflecting strong career ambition but also a greater focus on immediate income progression than distant retirement goals. The urgency of retirement planning is further strengthened by increasing longevity. India's life expectancy has risen to approximately **70 years**, implying that many individuals may need to sustain themselves financially for two decades or more after retirement. Simultaneously, inflation continues to reduce purchasing power, while healthcare costs in urban India have increased sharply over time. Without

[6] PGIM India Mutual Fund. (2025). India retirement readiness survey. PGIM India Asset Management.
[7] National Institution for Transforming India (NITI Aayog). (2018). Strategy for New India @75. https://www.niti.gov.in
[8] Great Place to Work India. (2024). India's Best Workplaces in GCCs Report. https://www.greatplacetowork.in

adequate planning, these factors can create serious financial stress in later life.

Recent Indian data indicates a substantial gap between retirement awareness and retirement readiness. According to the PGIM India Retirement Readiness Report 2025, retirement has become the leading financial priority for many households, yet only 37% of respondents reported having a structured retirement plan. In addition, a large proportion of individuals underestimate the retirement corpus required to sustain their lifestyle. Millennials are therefore at a critical crossroads. They possess the advantage of time, rising earning capacity, and access to digital investment platforms such as mutual funds, pension products, and insurance solutions. However, many also face competing priorities such as home loans, child education planning, lifestyle spending, travel, and parental responsibilities. If retirement planning is postponed, the required monthly savings later in life become significantly higher because the investor loses the benefits of compounding.



For example, an urban millennial expecting retirement expenses of ₹75,000 per month may require a corpus of approximately **₹3–5 crore**, depending on inflation, longevity, and expected returns. Yet many individuals continue to rely on unrealistic assumptions such as future family support or last-minute wealth creation. Therefore, retirement planning should not be viewed as an activity reserved for old age. It must begin during the earliest earning years. For Indian millennials, retirement planning is no longer optional; it is a strategic necessity for future dignity, independence, and resilience against economic uncertainty.

II. LITERATURE REVIEW

Existing literature indicates that retirement planning is influenced by a combination of financial capacity, behavioural discipline, institutional access, and broader socio-economic conditions. For millennials, the issue is particularly significant because this generation is currently within its prime earning years and still has sufficient time to benefit from long-term compounding. However, retirement preparedness depends not only on income levels, but also on financial literacy, consumption behaviour, debt commitments, and the ability to maintain consistent planning discipline. The following studies provide an important foundation for understanding retirement planning challenges among millennials in India.

2.1 Financial Literacy and Retirement Planning

Lusardi and Mitchell (2014)[9] emphasized the economic importance of financial literacy and showed that individuals with stronger knowledge of inflation, compound interest, and diversification are generally more likely to engage in retirement planning. Their findings indicate that financially informed individuals tend to start saving earlier, make better investment choices, and accumulate stronger long-term security.

This perspective is particularly relevant in the Indian context, where millennials now have access to mutual funds, the National Pension System (NPS), insurance products, and digital investment platforms. While access to financial products has expanded, informed decision-making remains essential for converting opportunity into retirement preparedness.

2.2 Financial Decisions Across the Life Cycle

Agarwal, Driscoll, Gabaix, and Laibson (2009)[10] examined how financial decision-making changes

[9] Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. Journal of Economic Literature, 52(1), 5–44.

[10] Agarwal, S., Driscoll, J. C., Gabaix, X., & Laibson, D. (2009). The age of reason: Financial decisions

across age groups. Their study found that younger adults often make weaker financial choices due to limited experience, shorter planning horizons, and behavioural overconfidence. Decision quality tends to improve during middle age, when income and experience rise, before weakening again in later years. These findings are useful for understanding Indian millennials, many of whom are in the early-to-middle wealth accumulation stage. This period is especially important because earning potential is increasing while time for compounding still remains. Delayed planning during this phase can significantly reduce future retirement outcomes.

2.3 Millennials and Consumption-Oriented Behaviour

The Deloitte Global Gen Z and Millennial Survey (2025)[11] reported that many millennials continue to experience financial stress despite active employment. The survey also indicated that younger earners often prioritise near-term goals such as housing, travel, personal development, and lifestyle experiences over distant retirement objectives. A notable share also reported living paycheck-to-paycheck.

This trend is relevant to urban India, where millennials frequently face high rents, EMIs, rising living costs, and aspirational consumption pressures. Even with rising income levels, retirement contributions may remain limited when savings are treated as residual rather than planned commitments.

2.4 Retirement Preparedness in India

The PGIM India Retirement Readiness Report (2025)[12] observed that retirement has become an increasingly important financial priority among Indian households. At the same time, the report noted that only around 37% of respondents had a structured retirement plan. It also suggested that many households still expect some level of family support after retirement.

This evidence points to a gap between awareness and implementation. While retirement planning is widely recognised as necessary, many individuals do not convert that awareness into disciplined monthly saving, insurance protection, or long-term asset allocation.

2.5 Underestimation of Retirement Needs

Axis Max Life Insurance (2025)[13], through the India Retirement Index Study, reported that many households underestimate the amount required to sustain retirement comfortably. Respondents often assumed that a moderate lump sum would be sufficient, without fully accounting for inflation, medical costs, and increasing life expectancy.

For millennials, such underestimation can be costly because inadequate target setting often leads to delayed saving, insufficient SIP contributions, and unrealistic assumptions about future wealth creation.

2.6 Household Savings and Financial Security

Recent Reserve Bank of India reports[14] have indicated pressure on household savings alongside rising liabilities. Lower net financial savings can weaken long-term wealth accumulation and reduce the financial cushion available for retirement years.

This issue is especially important for millennials, who are currently in their key earning years. If savings rates remain subdued during this phase, the long-term retirement gap may widen substantially despite future income growth.

2.7 Synthesis of Literature

The reviewed studies collectively indicate that retirement planning among millennials is shaped by more than income alone. Financial literacy improves preparedness, yet knowledge does not always translate into action. Behavioural tendencies such as procrastination, present-oriented spending, and overconfidence can delay long-term saving decisions. At the same time, housing costs, loan repayments, family responsibilities, and lifestyle inflation reduce the surplus available for retirement contributions.

over the life cycle. Brookings Papers on Economic Activity, 2, 51–117.

[11] Deloitte. (2025). Global Gen Z and Millennial Survey 2025. Deloitte Insights.

[12] PGIM India Mutual Fund. (2025). India retirement readiness report 2025. PGIM India Asset Management.

[13] Axis Max Life Insurance. (2025). India retirement index study 2025. Axis Max Life Insurance Co. Ltd.

[14] Reserve Bank of India. (2023). Annual report 2022–23. Reserve Bank of India.

For Indian millennials, retirement insecurity therefore appears to arise from a combination of behavioural, financial, and structural factors. Although access to investment platforms and financial information has improved, comprehensive retirement planning remains uneven. This creates the need for a more integrated understanding of retirement readiness in the Indian context.

III. RESEARCH GAP

Although retirement planning has received increasing attention in academic and industry literature, several important gaps remain, particularly in the Indian context. The key research gaps identified are as follows:

1. Limited India-Specific Focus on Millennials

Many existing studies examine retirement planning at a general population level. However, limited attention has been given to Indian millennials as a distinct cohort with unique income patterns, lifestyle choices, career uncertainty, and long-term retirement needs.

2. Insufficient Attention to Socio-Cultural Factors

In India, retirement planning is often influenced by family-related responsibilities such as supporting parents, children's higher education, marriage expenses, and expectations of intergenerational support. These factors can materially affect savings capacity, yet they remain comparatively underexplored in prior studies.

3. Limited Practical Perspective from Financial Planning Professionals

A large share of the available literature is theoretical or survey-based. Comparatively less attention has been given to practitioner perspectives such as Certified Financial Planners and wealth advisors who directly observe household financial behaviour, spending patterns, and planning challenges.

4. Inadequate Analysis of Consumption Patterns and Retirement Insecurity

The impact of rising lifestyle expenditure, urban living costs, loan repayments, and consumption-oriented behaviour on retirement preparedness among millennials has not been examined sufficiently. These pressures may delay savings and weaken long-term financial security.

5. Fragmented Approach to Personal Financial Planning

Several earlier studies have examined investment behaviour, insurance awareness, pension participation, or savings habits separately. Fewer studies evaluate retirement planning as an integrated financial strategy combining wealth creation, protection planning, liquidity management, and future income security.

6. Gap Between Awareness and Actual Implementation

Awareness regarding retirement planning appears to be increasing due to digital platforms and wider access to financial information. However, limited research explains why many individuals fail to convert awareness into regular, disciplined, and sustained financial action.

Accordingly, the present study seeks to address these gaps by examining retirement planning among Indian millennials through financial, behavioural, socio-cultural, and practical planning dimensions using recent secondary evidence.

IV. RESEARCH OBJECTIVES

The present study seeks to examine the challenges associated with retirement planning and the level of preparedness among millennials in India using recent secondary evidence. In particular, the study aims to achieve the following objectives:

1. To evaluate the current level of retirement awareness and actual preparedness among millennials in India based on available secondary data.
2. To identify the key financial, behavioural, and socio-cultural factors that influence retirement planning decisions among millennials.
3. To analyse how inflation, rising life expectancy, and increasing healthcare costs affect long-term retirement needs.
4. To examine the contribution of financial planning instruments such as Systematic Investment Plans (SIP), Health Insurance Plans (HIP), and Term Insurance Plans (TIP) in strengthening retirement readiness.
5. To assess the extent to which lifestyle expenditure, delayed investing, and consumption-oriented behaviour contribute to retirement insecurity among younger earning groups.
6. To recommend practical measures and policy initiatives that may improve retirement preparedness among millennials in India.

V. GUIDING ANALYTICAL ASSUMPTIONS

Based on the literature review and the available secondary evidence, the following analytical assumptions are developed for interpretative examination in the present study:

A1. Millennials with higher levels of financial literacy are likely to demonstrate stronger retirement preparedness in India.

A2. Higher lifestyle expenditure and consumption-oriented behaviour may reduce the retirement savings capacity of millennials in India.

A3. Early and disciplined investing is likely to contribute positively toward the creation of an adequate retirement corpus.

A4. Socio-cultural financial obligations such as parental support, education expenses, marriage expenditure, and family dependency may weaken retirement planning effectiveness among millennials in India.

A5. Individuals who combine wealth creation tools with protection planning (health insurance and term insurance) are likely to achieve better long-term retirement readiness than those relying only on investments.

VI. RESEARCH METHODOLOGY

The present study adopts a secondary-data-based descriptive and analytical research methodology to examine retirement planning challenges among millennials in India. The methodology is designed to assess financial preparedness, behavioural tendencies, and structural constraints that influence long-term retirement security. In addition to published evidence, limited practitioner insights from Certified Financial Planning practice have been used only to support contextual interpretation of observed behavioural trends. (Data compiled from RBI, AMFI, SEBI, Deloitte, PGIM India, World Bank, and peer-reviewed literature.)

6.1 Nature of the Study

The study is descriptive as well as analytical in nature. It describes prevailing retirement planning trends among Indian millennials and analytically interprets the major factors affecting preparedness, including savings behaviour, investment discipline, inflation exposure, and socio-cultural obligations.

6.2 Research Design

The study follows a secondary research design. Data have been drawn from published reports, academic literature, institutional surveys, and regulatory publications. A secondary-data approach is appropriate because retirement behaviour, savings trends, and financial preparedness can be meaningfully examined through credible existing datasets. The study does not rely on primary survey responses and instead synthesises evidence available across multiple authoritative sources.

6.3 Sources of Data

Secondary data were collected from reliable and publicly available sources, including:

- Reserve Bank of India (RBI) reports
- Association of Mutual Funds in India (AMFI) publications
- Securities and Exchange Board of India (SEBI) reports
- Insurance and pension sector publications
- Government statistics and macroeconomic reports
- Peer-reviewed journals relating to retirement planning, behavioural finance, and financial literacy
- Industry retirement readiness surveys
- Reputed business newspapers and financial magazines

The interpretative discussion is further informed by the author's professional experience in financial planning practice, particularly in observing common savings, insurance, and retirement planning behaviours among working individuals. No personal, confidential, or client-identifiable information has been used in the study.

6.4 Scope of the Study

The study focuses on millennials in India, particularly working-age individuals in their earning years who are expected to make long-term financial decisions. The analysis examines retirement planning through dimensions such as savings habits, lifestyle expenditure, insurance protection, family obligations, inflation risk, and investment behaviour.

6.5 Method of Analysis

The study uses qualitative interpretation supported by secondary statistical evidence. Comparative analysis, trend analysis, percentage-based interpretation, and tabular presentation have been used wherever relevant. Findings from multiple sources were synthesised to identify recurring patterns, practical implications, and retirement planning challenges specific to millennials.

6.6 Time Horizon

The analysis primarily considers literature and data from the period 2018–2025 in order to capture contemporary financial trends affecting Indian millennials. Where relevant, earlier foundational studies have also been referred to for conceptual support.

6.7 Limitations of the Study

1. The study is based primarily on secondary data and does not include structured primary survey responses.
2. The findings depend on the quality, scope, and availability of published sources.
3. Behavioural patterns may vary across income groups, occupations, and regions within India.
4. Practitioner insights are interpretative in nature and have been used only to supplement secondary findings.
5. Since the study focuses on millennials, conclusions may not be fully generalisable to other age cohorts.
6. Since study is secondary-data based, findings indicate directional trends rather than causal relationships.

6.8 Relevance of the Methodology

Despite these limitations, the selected methodology is appropriate for developing a broad understanding of retirement planning behaviour among Indian millennials. It enables the integration of academic evidence, institutional data, market trends, and practitioner observations from financial planning practice, thereby improving the practical relevance of the study. The methodology is therefore suitable for examining both theoretical and real-world dimensions of retirement preparedness.

VII. STATISTICAL ANALYSIS AND DATA INTERPRETATION

Statistical analysis helps convert published secondary data into practical insights regarding retirement preparedness among millennials in India. This section draws upon reports, surveys, and publicly available indicators relating to retirement planning, household savings, life expectancy, investment participation, and financial behaviour. The objective is to understand current trends and their likely implications for long-term financial security.

Table 7.1: Structured Retirement Planning Status

Particulars	Percentage (%)
Individuals with a structured retirement plan	37%
Individuals without a structured retirement plan	63%

The data suggests that a majority of individuals still do not follow a formal retirement plan. This indicates that retirement planning has not yet become a regular part of household financial decision-making.

Source: Author compilation based on PGIM India Mutual Fund (2025).

Table 7.2: Household Savings as Percentage of GDP

Indicator	Approximate Value
Household Savings Rate	18.1%

A lower household savings rate can reduce the amount available for long-term wealth creation. If this trend continues, future retirement preparedness may weaken.

Source: Author compilation based on Reserve Bank of India (2024), *Handbook of Statistics on Indian Economy*; CareEdge Estimates.

Table 7.3: Estimated Retirement Period

Particulars	Value
Average retirement age	60 years
Average life expectancy in India	70+ years
Estimated post-retirement years	10–20+ years

This shows that many individuals may need to manage their finances for a considerable period after retirement. As life expectancy rises, retirement planning becomes more important.

Source: World Bank (2025), *World Development Indicators Database*.

Table 7.4: Indicative Urban Retirement Corpus*

Expected Monthly Expense at Retirement	Estimated Corpus Requirement[15]
₹50,000	₹2–3 crore
₹75,000	₹3–5 crore
₹1,00,000+	₹5 crore+

Many millennials may underestimate the size of the retirement corpus required to maintain their lifestyle. Inflation, healthcare costs, and longevity can significantly increase future financial needs.

Source: Author estimates based on inflation-adjusted retirement planning assumptions and industry practices.

Table 7.5: Effect of Starting Age on Wealth Creation (Illustrative SIP Example)*[16]

Starting Age	Monthly Investment	Investment Period	Relative Corpus Potential
25 years	₹10,000	35 years	Very High
35 years	₹10,000	25 years	Moderate
45 years	₹10,000	15 years	Low

The table highlights the value of starting early. A longer investment period allows compounding to work more effectively, leading to stronger long-term outcomes.

Source: Author estimates based on assumed annualised return of 12%

Table 7.6: Common Barriers to Retirement Planning

Challenge	Likely Impact on Retirement Planning
Housing EMI	Reduces monthly investable surplus
Lifestyle Inflation	Increases discretionary spending
Family Obligations	Diverts long-term savings
Delayed Investing	Reduces compounding benefit
Inadequate Insurance	Creates risk of savings disruption
Speculative Investing	Weakens goal-based planning

Retirement planning is often affected by competing priorities. Even individuals with rising incomes may struggle to save consistently when expenses and responsibilities increase simultaneously.

Source: Author compilation based on Deloitte (2025), PGIM India Mutual Fund (2025), and reviewed literature.

Table 7.7: Importance of Core Financial Tools

Tool	Primary Role in Retirement Planning
SIP	Long-term wealth creation
Health Insurance	Protection against medical inflation
Term Insurance	Income security for dependents

Retirement security is stronger when wealth creation and risk protection are addressed together rather than separately.

Source: Author framework based on personal financial planning literature.

Overall Analytical Findings

1. A large proportion of individuals remain outside structured retirement planning.
2. Lower household savings may weaken future financial security.
3. Longer life expectancy requires a larger retirement corpus.
4. Delayed investing reduces the benefit of compounding.
5. Millennials often face multiple financial pressures during their key earning years.
6. Combining investing discipline with insurance protection can improve retirement readiness.

Concluding Interpretation

The available evidence indicates that retirement preparedness among millennials in India is still below future requirements. While awareness of investing has improved, regular long-term planning remains inconsistent. This underlines the importance of

[15] These estimates are indicative and may vary depending on inflation, retirement age, investment return, and lifespan.

[16] For illustration only. Actual returns depend on market performance and may vary.

starting early, saving consistently, and following a balanced financial strategy during the earning years.

VIII. MAJOR CHALLENGES IN RETIREMENT PLANNING AMONG INDIAN MILLENNIALS: EVIDENCE-BASED ANALYSIS

Retirement planning challenges among millennials in India are evident across several financial indicators such as savings behaviour, investment participation, retirement preparedness, and household spending patterns. The available data suggests that while awareness of investing has increased, consistent long-term retirement planning has not progressed at the same pace. In many cases, awareness exists, but disciplined execution remains limited.

8.1 Low Retirement Planning Coverage

Recent retirement readiness surveys show that only around 37% of respondents have a structured retirement plan, while nearly 63% continue without a formal roadmap for retirement (PGIM India, 2025). This indicates that a large section of households may enter later life without adequate financial preparation. The issue therefore appears to be less about awareness and more about delayed action.

8.2 Decline in Household Savings

Recent macroeconomic estimates suggest a moderation in household savings rates, which declined from nearly 20% of GDP in FY22 to 18.4% in FY23 and further to around 18.1% in FY24 (RBI / CareEdge estimates). A sustained decline in savings during prime earning years can weaken future wealth accumulation. For millennials, this is particularly important because these years are generally the most productive period for building retirement capital.

8.3 Rising SIP Participation: A Positive but Incomplete Trend

Monthly SIP contributions have increased significantly, rising from ₹17,610 crore in December 2023 to ₹25,320 crore in November 2024, and further to ₹26,459 crore in December 2024 (AMFI). This reflects increasing acceptance of disciplined investing and growing familiarity with mutual fund products. However, the number of active investors still remains modest when compared with India's overall working population. Therefore, while progress is visible, retirement-oriented participation is still far from universal.

8.4 Lifestyle Inflation and Lower Savings Priority

Household expenditure surveys indicate rising urban spending on non-food categories such as housing, transport, garments, entertainment, and discretionary purchases. Data from the Ministry of Statistics and Programme Implementation (Household Consumption Expenditure Survey)[17] shows that the share of non-food expenditure in total household spending has steadily increased, reaching nearly 60% in recent years, reflecting rising discretionary and lifestyle consumption. This suggests that as incomes rise, spending aspirations often rise alongside them. In such situations, retirement savings may receive lower priority than immediate lifestyle goals.

8.5 Intergenerational Financial Responsibilities

A distinct challenge in India is the presence of intergenerational responsibilities. Many millennials are expected to support ageing parents, contribute to children's education, fund marriage-related expenses, and participate in shared family liabilities. If older family members lack sufficient retirement resources, millennials may need to divert their own savings toward parental support during key accumulation years. This creates a dual financial burden that can slow retirement corpus creation.

8.6 Cost of Delayed Investing

Based on practical financial planning experience, it is often observed that many individuals delay retirement investing despite having the capacity to save, primarily due to competing lifestyle priorities. Illustrative SIP estimates demonstrate the cost of postponing retirement investing. A monthly investment of ₹10,000 growing at an assumed 12% annual return from age 25 to 60 may accumulate to approximately ₹3.25 crore. Beginning at age 30 may reduce the outcome to around ₹1.76 crore, starting at 35 to nearly ₹95 lakh, and

[17] MOSPI. (2023). Household Consumption Expenditure Survey 2022–23. https://mospi.gov.in

beginning at 40 to around ₹50 lakh. These figures highlight how strongly time and compounding influence long-term outcomes.

8.7 Speculative Participation vs Goal-Based Investing
Retail participation in derivatives markets has increased significantly in recent years, with the Securities and Exchange Board of India[18] reporting a sharp rise in individual investor activity in futures and options segments. However, market participation alone does not necessarily create retirement security. Long-term wealth creation is generally more dependent on regular SIP investing, EPF/NPS participation, diversification, and sustained discipline than on irregular speculative activity.

8.8 Uneven Retirement System Coverage
India offers several retirement avenues such as EPF, NPS, Atal Pension Yojana, insurance-linked savings products, and voluntary mutual fund investing. Yet access and participation remain stronger in the organised sector and weaker among informal workers and many self-employed individuals. As a result, retirement preparedness remains uneven across the labour force.

8.9 International Lessons for India
Countries such as Australia, Singapore, and the United Kingdom have achieved higher retirement preparedness through structured systems such as compulsory superannuation, Central Provident Fund (CPF), and automatic pension enrolment (OECD, 2024)[19]. These systems depend less on voluntary behaviour and more on structured participation. India may improve retirement outcomes by expanding inclusion and encouraging default-based savings mechanisms.

8.10 Core Findings
The evidence suggests that retirement challenges among millennials do not arise from one single cause. A majority still lack structured retirement plans, household savings are under pressure, lifestyle expenditure is rising, and delayed investing significantly reduces long-term wealth potential. At the same time, investment participation is improving, indicating that progress is possible when access and discipline come together.

8.11 Analytical Conclusion
The retirement challenge faced by millennials in India is not simply a question of income. It is more closely linked to delayed planning, inadequate savings discipline, lifestyle inflation, family responsibilities, and the absence of long-term financial structure. Effective retirement planning therefore requires a balanced approach that combines wealth creation, risk protection, and early disciplined investing.

IX. INTEGRATED THREE-PILLAR FRAMEWORK FOR RETIREMENT PREPAREDNESS

Retirement planning cannot depend on investment returns alone. A sustainable retirement strategy requires a balanced framework in which wealth is accumulated, protected, and preserved over time. In practical terms, SIP/NPS, Health Insurance, and Term Insurance may be viewed as three essential pillars of long-term financial security. If any one of these pillars is weak or absent, the retirement plan may become vulnerable and the accumulated corpus may gradually erode.

Pillar 1: SIP / NPS – Building the Retirement Corpus
The first pillar is regular long-term investing through SIPs, NPS, or similar contribution-based instruments. These tools help individuals build retirement wealth gradually during their earning years through the benefit of compounding. Without systematic investing, many individuals may approach retirement with insufficient assets, resulting in dependence on family members, a reduced standard of living, or the need to continue working out of necessity.
For example, an individual may have adequate insurance protection, but without disciplined

[18] SEBI. (2023). Study on Retail Participation in F&O Segment.
https://www.sebi.gov.in
[19] Organisation for Economic Co-operation and Development (OECD). (2024). Pensions at a Glance 2024
https://www.oecd.org

investing, long-term wealth creation may remain inadequate.

Pillar 2: Health Insurance – Protecting the Corpus

The second pillar is health insurance, which protects retirement savings from medical emergencies and rising healthcare costs. Even a well-built investment portfolio can weaken if recurring hospitalisation or treatment expenses must be paid from retirement assets.

For instance, an individual who has accumulated a ₹1 crore retirement corpus but lacks health insurance may need to make repeated withdrawals for medical expenses. This reduces not only existing savings but also the future compounding potential of those funds. In this sense, the absence of health insurance can directly weaken retirement security.

Pillar 3: Term Insurance – Protecting Income and Long-Term Goals

The third pillar is term insurance, which protects household income during the earning phase of life. If the primary earner dies prematurely or becomes unable to generate income, the family may be forced to liquidate investments, sell assets, or discontinue retirement contributions in order to meet day-to-day expenses.

For example, a young household with ongoing SIP investments but no term cover may lose long-term financial momentum if the earning member is no longer present. In such cases, retirement planning may fail not because of poor investing, but because income protection was missing.

Why All Three Pillars Must Work Together

These three pillars serve complementary roles. SIP and NPS help create wealth, health insurance helps prevent emergency erosion of that wealth, and term insurance protects the household's ability to continue long-term financial planning.

If one pillar is missing, pressure shifts to the remaining two:

- Without SIP / NPS: inadequate corpus at retirement.
- Without Health Insurance: medical costs may consume investments.
- Without Term Insurance: family responsibilities may interrupt wealth creation.

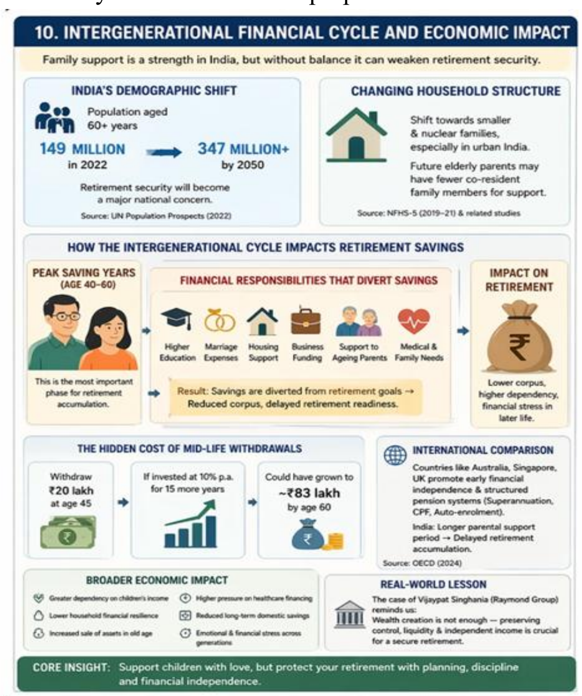
A strong retirement plan therefore resembles a stable structure supported by three pillars. The absence of one pillar may not create immediate distress, but over time it can significantly weaken financial security.

Practical Learning for Millennials

Many individuals focus heavily on investment returns while neglecting protection planning. However, successful retirement planning depends less on chasing high returns and more on avoiding major financial shocks that disrupt long-term progress. For millennials in India, starting early with disciplined SIP/NPS contributions, adequate health insurance, and suitable term insurance can materially improve financial independence, dignity, and long-term stability after retirement.

X. INTERGENERATIONAL FINANCIAL CYCLE AND ECONOMIC IMPACT (DATA-BASED ANALYSIS)

Retirement planning in India is closely linked with intergenerational financial responsibilities. Unlike several economies where children are expected to become financially independent relatively early, Indian families often continue financial support well into adulthood. Such support may include higher education costs, marriage expenses, housing assistance, business funding, and recurring transfers even after employment begins. While this pattern is culturally respected and socially valued, it can materially reduce retirement preparedness.



The issue becomes more important when viewed alongside India's demographic transition. According to the United Nations Population Prospects, India's population aged 60 years and above is projected to rise from approximately 149 million in 2022 to more than 347 million by 2050. This suggests that retirement security will become a far larger national concern in the coming decades. If current working generations do not build sufficient retirement assets, the financial burden may shift to younger households and public support systems.

At the same time, household structures are changing. Evidence from the National Family Health Survey (NFHS-5) (2019-21)[20] and related demographic studies indicates a gradual shift toward smaller and more nuclear family units, particularly in urban India. This means that future elderly parents may have fewer co-resident family members available for financial or caregiving support than previous generations.

10.1 Cost of Supporting the Next Generation During Peak Saving Years

The age group of 40 to 60 years is generally considered the most important phase for retirement accumulation because incomes are often at their highest while meaningful time for compounding still remains. However, in many Indian households, these years are heavily absorbed by family commitments such as:

- postgraduate education funding
- marriage expenditure
- housing support for children
- business capital assistance
- support to ageing parents
- family medical expenses

As a result, the years that should ideally strengthen retirement wealth are often redirected toward intergenerational transfers.

For example, if a 45-year-old individual withdraws ₹20 lakh from long-term investments for family commitments, that amount, if left invested at an assumed 10% annual return for 15 years, could potentially grow to approximately ₹83 lakh by age 60. This illustrates the hidden retirement cost of major mid-life withdrawals.

10.2 Education and Marriage Expenditure Pressure

Professional education costs in India have increased sharply over time. Private higher education, overseas education, and specialised programmes may require several lakhs to crores depending on the course, institution, and country. Similarly, wedding expenditure in many urban middle- and upper-middle-income households can involve substantial savings drawdowns or debt-funded spending. When such expenses are financed from retirement investments rather than through separate goal-based planning, long-term retirement adequacy may weaken significantly.

10.3 Housing Support and Asset Transfer Risk

Many parents also contribute toward children's housing purchases through down payments, co-borrowing, gifting assets, or transferring property prematurely. While this may improve the child's financial position, it can reduce liquidity available for the parents' own retirement years.

This creates a common paradox: households may appear asset-rich through property ownership but remain cash-poor during retirement, forcing dependence on rental income, asset liquidation, reverse monetisation, or family support.

10.4 International Comparison

Countries such as the United States, United Kingdom, and Australia generally encourage earlier financial independence after higher education or early employment. Student loans, rental independence, part-time work, and self-funded lifestyle transitions are comparatively more common. As a result, parents may retain a larger share of peak earnings for pension contributions and retirement assets.

In contrast, Indian parents often remain active providers for longer durations, delaying their own retirement accumulation.

10.5 Broader Economic Impact

If large numbers of households retire without adequate self-funded resources, the effects may extend beyond individual families:

1. Greater dependency on children's income
2. Lower household financial resilience

[20] NFHS-5 (2019–21)
http://rchiips.org/nfhs

3. Increased sale of assets in old age
4. Higher pressure on healthcare financing
5. Reduced long-term domestic financial savings
6. Greater emotional and financial stress across generations

Over time, these trends may weaken economic stability in an ageing society.

10.6 Real-World Lesson: The Raymond Founder Case

A prominent Indian example often discussed in the context of family wealth and later-life financial security is the case of Vijaypat Singhania, former chairman of Raymond Group. Despite belonging to one of India's most recognised business families and having created substantial wealth over decades, later-life disputes relating to assets, control, and financial security became publicly known.

The relevance of this case lies not in personal controversy, but in the broader financial lesson it offers. Lifetime wealth creation does not automatically guarantee a secure retirement if asset ownership, independent income streams, liquidity reserves, and financial control are transferred too early or become uncertain.

Many Indian parents across income groups may similarly transfer property, business interests, or substantial assets to children out of trust, emotional attachment, or succession planning expectations. However, changing lifestyles, migration, nuclear family structures, and different financial priorities of younger generations may reduce the certainty of reciprocal support in old age.

The Raymond founder case therefore illustrates that retirement planning is not only about earning and accumulating wealth. It is equally about preserving control, maintaining liquidity, and ensuring independent financial dignity during later life.

The lesson is relevant to ordinary households as well: generosity toward children should be balanced with self-protection. Parents should ideally avoid exhausting retirement resources or transferring critical assets without retaining adequate income, legal clarity, and personal financial security.

10.7 Core Insight

Indian families often remain deeply committed to supporting children, but long-term sustainability requires balance. A healthier financial model is one in which children are encouraged to become financially independent after education, while parents preserve their own retirement security through pension assets, investments, insurance, and retained financial control. Supporting children remains valuable, but it should not come at the cost of financial insecurity in old age.

XI. FINDINGS OF THE STUDY

The findings of the present study are based on the analysis of secondary data, reviewed literature, and statistical interpretation presented in earlier sections. These findings identify major patterns affecting retirement planning among millennials in India and provide insight into behavioural, financial, and structural challenges influencing retirement preparedness.

11.1 Low Level of Structured Retirement Planning

Available retirement readiness studies indicate that a significant share of individuals do not maintain a structured retirement plan. Estimates suggest that nearly 60% to 65% of respondents remain outside formal retirement planning frameworks. This reflects a substantial gap between awareness of retirement needs and practical implementation of long-term financial plans.

Inference:

Retirement planning is frequently postponed rather than systematically prioritised, supporting the view that awareness does not always translate into disciplined action.

11.2 Declining Household Savings and Rising Consumption

Recent macroeconomic indicators suggest moderation in household savings rates alongside increasing consumption expenditure, particularly in urban areas. Rising spending on housing, transport, lifestyle goods, and discretionary consumption may reduce the surplus available for long-term investment.

Inference:

Higher income growth does not necessarily lead to stronger retirement preparedness when savings discipline weakens and consumption expands.

11.3 Delayed Investing Reduces Retirement Corpus

Illustrative investment models demonstrate that individuals who begin investing early may accumulate substantially higher retirement wealth than those who

delay contributions. The benefits of compounding become weaker when long-term investments are postponed.
Inference:
Delayed financial decision-making can materially reduce retirement adequacy, while early investing improves long-term corpus creation.

11.4 Rising SIP Participation but Weak Continuity
India has experienced significant growth in SIP investments, with monthly contributions crossing ₹25,000 crore in recent periods. This reflects improving awareness and participation in disciplined investing channels. However, discontinuity in contributions and stoppage behaviour remain concerns.
Inference:
Investment awareness appears to be increasing, but sustained financial discipline remains inconsistent, limiting retirement outcomes.

11.5 Influence of Lifestyle Inflation and Competing Priorities
Many millennials prioritise housing EMIs, lifestyle expenditure, travel, technology upgrades, and social commitments ahead of retirement savings. As a result, retirement planning is often treated as a residual financial goal rather than a primary objective.
Inference:
Lifestyle inflation can weaken long-term savings capacity even among individuals with rising incomes.

11.6 Impact of Socio-Cultural Financial Obligations
Family-related commitments such as children's education, marriage expenditure, parental support, and shared household responsibilities significantly influence personal savings behaviour. In many cases, retirement goals are deferred to meet immediate family needs.
Inference:
Socio-cultural obligations represent a major India-specific constraint on retirement planning effectiveness.

11.7 Inadequate Risk Protection (Health and Term Insurance Gap)
Many individuals begin investing for wealth creation but under-prioritise health insurance and term insurance. As a result, emergencies may force withdrawals from long-term investments or increase debt burdens.
Inference:
Without adequate protection planning, retirement wealth remains vulnerable to disruption from medical shocks or loss of household income.

11.8 Preference for Speculative and Short-Term Investments
An increasing number of younger investors participate in derivatives trading, short-term speculation, and high-risk assets. While this reflects financial inclusion and market interest, such participation is not always aligned with long-term retirement objectives.
Inference:
Market participation alone does not ensure retirement readiness; disciplined goal-based investing remains more relevant.

11.9 International Comparison Highlights Structural Gaps
Countries such as Australia, Singapore, and the United Kingdom demonstrate stronger retirement preparedness through compulsory savings systems, provident fund models, or automatic pension enrolment frameworks.
Inference:
India's retirement preparedness remains uneven partly because participation is still heavily dependent on voluntary behaviour rather than universal structured mechanisms.

11.10 Intergenerational Financial Cycle Weakens Retirement Security
The study indicates that many individuals begin savings efforts but later divert funds toward children's education, marriage expenses, parental support, or family emergencies. This often results in reduced contributions, corpus erosion, or delayed retirement readiness.
Inference:
The intergenerational financial cycle can create long-term dependency and weaken self-funded retirement security.

11.11 Overall Conclusion from Findings
The findings suggest that retirement planning challenges among millennials in India are not caused by income constraints alone. They arise from a

combination of delayed financial decisions, rising consumption patterns, socio-cultural obligations, weak investing discipline, and insufficient risk protection. Retirement insecurity therefore appears to be both a behavioural and structural issue, requiring a more integrated, disciplined, and long-term approach to personal financial planning.

XII. CONCLUSION

The present study examined retirement preparedness among Indian millennials using recent secondary evidence, published reports, and interpretative analysis. The findings indicate that although awareness regarding investing and financial products has improved, structured retirement planning remains inadequate across a large segment of the millennial population.

The analysis indicates that retirement insecurity does not arise from a single factor but from a combination of behavioural and structural influences, including delayed investing, lifestyle inflation, debt commitments, insufficient insurance protection, weak pension participation, and socio-cultural obligations such as parental support, education funding, and family responsibilities. These pressures often reduce the ability to sustain long-term retirement contributions during prime earning years.

The analysis further highlights that retirement planning in India cannot depend solely on investment returns. A balanced framework involving regular wealth creation, health risk protection, income security, and disciplined financial behaviour is essential for long-term independence after retirement.

The study contributes to the literature by presenting an India-specific perspective on millennial retirement behaviour through the integration of financial, behavioural, and socio-cultural dimensions. It concludes that improving retirement readiness requires coordinated efforts from individuals, employers, financial planners, and policymakers. For Indian millennials, retirement planning should shift from a postponed intention to an early and systematic financial habit.

XIII. RECOMMENDATIONS

Based on the findings of the study, retirement planning among millennials in India can be strengthened through a combination of individual discipline, professional guidance, employer participation, and policy support. The following recommendations are proposed:

13.1 Begin Retirement Planning Early

Millennials should start retirement investing from the beginning of their earning years rather than waiting for higher future income. Early investing provides a longer compounding period and reduces the monthly amount required later in life.

Illustrative Insight:

Starting at age 25 generally creates a substantially larger corpus than starting at age 35 with the same monthly contribution.

13.2 Follow the SIP, HIP, TIP Framework

A practical retirement model for Indian households should combine:

Component	Meaning	Retirement Benefit
SIP	Systematic Investment Plan	Long-term corpus creation
HIP	Health Insurance Plan	Protects savings from medical shocks
TIP	Term Insurance Plan	Secures dependents during earning years

Recommendation:

Retirement planning should not rely only on investment returns; it must include protection planning.

13.3 Allocate a Fixed Percentage of Income

Individuals should treat retirement saving as a compulsory monthly commitment. A fixed percentage of salary (for example 15%–25%, depending on income and responsibilities) may be earmarked toward retirement goals.

Benefit:

Creates consistency and reduces emotional decision-making.

13.4 Increase Contributions with Salary Growth

Whenever income rises through increments, bonuses, or promotions, retirement contributions should also rise. This helps prevent complete absorption of higher income into lifestyle inflation.

Example:
If salary increases by 10%, at least part of that increase may be directed toward SIP or pension contributions.

13.5 Avoid Excessive Lifestyle Inflation
Higher earnings should not automatically lead to higher fixed expenses. Unnecessary upgrades in vehicles, gadgets, vacations, and luxury spending may reduce future financial independence.
Recommendation:
Maintain a balance between present enjoyment and future security.

13.6 Seek Professional Financial Guidance
Many individuals delay planning or choose unsuitable products due to lack of clarity. Consulting qualified professionals such as Certified Financial Planners can improve:
- goal setting
- retirement corpus estimation
- tax-efficient investing
- risk management
- periodic review discipline

13.7 Strengthen Insurance Before Aggressive Investing
Before pursuing high-return strategies, millennials should ensure:
- adequate health insurance
- term life cover
- emergency fund reserves

Reason:
Unexpected events should not force withdrawal of retirement investments.

13.8 Limit Speculative Exposure
High-risk products such as excessive derivatives trading, leverage-based speculation, or unplanned crypto exposure should not replace retirement investing.
Recommendation:
Retirement funds should remain linked to disciplined, diversified, long-term assets.

13.9 Encourage Workplace Retirement Participation
Employers can play an important role through:
- retirement awareness workshops
- payroll-linked SIP/NPS options
- employee financial wellness programs

This may improve participation among younger workers.

13.10 Policy-Level Recommendations
Government and regulators may further strengthen retirement readiness through:
1. Greater awareness campaigns on retirement planning
2. Simplified pension onboarding systems
3. Tax incentives for long-term retirement savings
4. Expansion of pension inclusion for informal workers
5. Stronger investor education against speculative mis-selling

13.11 Family-Level Financial Planning Discipline
Households should support children and family needs responsibly, but not by completely sacrificing retirement security. Major goals such as education, marriage, and parental support should be planned alongside retirement, not in place of it.

13.12 Annual Retirement Review
Retirement planning should be reviewed every year based on:
- income changes
- inflation trends
- family responsibilities
- health needs
- portfolio performance

13.13 Final Recommendation
For Indian millennials, retirement planning should move from being a postponed intention to a structured monthly habit. The combination of discipline, diversification, protection, and periodic review can significantly improve long-term financial independence.

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