

RESEARCH ARTICLE

Savings and Income Pattern of Senior Citizens

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Abstract

Ageing is a phase of life and a biological process. With health facilities and living standards improving, the average life expectancy has gone up considerably, resulting in a sharp increase in the senior citizens. The senior citizens live at the bottom of the socio-economic strata. The savings play a vital role in every senior citizen's life because the future is unpredictable one. The requirements may be in the form of unavoidable expenses like medical expenses educational expenses, marriage expenses and so on. So in order to meet the future requirements savings is essential. This is possible only when they invest their money in Land, Gold and securities or keep the money in the form of deposits in banks. To lead a dignified and healthy ageing the senior citizens ought to save money. The research article is an outcome of the study made on the savings and investment pattern of senior citizens in Sivakasi located in South Tamilnadu, India. Primary data is collected from 120 senior citizens through structured questionnaires. And the senior citizens aged 55 and above were identified by simple random sampling. The results of the study has shown that more than half of the senior citizens had in mind to invest in senior citizens schemes as the amount invested will reward high and safe being offered by the Government, Post Office and banks. They have suggested that as the senior citizens have great faith on Government sectors the attitude of staff in banks and post offices should be more courteous and respectful towards senior citizens.

Keywords: *Financial planning, Investment pattern, Problems in investment, Savings, Senior citizens.*

Introduction

Graying population is one of the most 'significant characteristics' of the 21st century known as the "Age of Ageing". The global phenomenon has hit Indian shores as well. People are living longer. India is a vast country both in terms of area as well as population. It has a total area of 3,288,000 square kilometers. Its present population is estimated to be over 850 million. The total working population is estimated to be about one-third of this number. Dependency ratio is therefore about 1:2. The minimum retirement age is set at age 58 for government employees and age 60 in most other professions. Increased life expectancy has contributed to an increase in the number of persons 60+. The numbers of senior citizens who are at risk of outliving their retirement savings has increased and their economic security has deteriorated as their retirement savings dwindle. Security in old age is dependent on three pillars an adequate retirement income, accessible quality health care and affordable housing. Income and expenditure pattern is influenced by several variables like perception of saving of those who save their assessment of its costs and benefits, their age, family size and structure, objectives or motivations for saving, environment etc.

Different senior citizens perceive savings differently. For some, savings is money reserved for future needs, whereas for some others, it is surplus of income over expenditure and for still others; it is purchase of land, construction of building, consumer durables or other household goods. When savings is perceived as money reserved for future needs it implies that a deliberate decision on the part of the households to save for meeting the future needs. It depends upon many factors namely the determinants of saving which includes the factor that affect both the ability to save and will to save.

Statement of the Problem

Savings or investments are powerful tools in the alleviation of poverty. Investing even a small amount can produce considerable rewards over the long term. But one needs to make the decision of how much to invest and where to invest. To choose wisely he needs to know the investment options thoroughly. But there will be confusion among the elderly people for the selection of best investment avenues and this is the major problem for them. The senior citizens live at the bottom of the socio-economic strata. Pension blues and post-retirement life are two dark and scary areas

which any middle-class employee would find perplexing. Savings and investments are two different activities of a men and women. Every individual has a tendency to save for various reasons. The pattern of earning, savings and expenditure differs from person to persons. Every individual puts more effort to earn more as a result of his involvement in savings activities. Moreover, individuals reduce their expenditure and save more. The purpose of saving is ensured that an individual sources a better living in future. Savings enables a person to face in eventuality in future. As a man is a social animal as such, he is more interested in the welfare of his family and of the society at large. Therefore he makes provision for future welfare through his savings. In India the presence of a large number of financial institutions under central and state government and rural bodies encourage the growth of savings. Careful financial planning is a must for senior citizens. To lead a dignified and healthy ageing the senior citizens ought to save money. This paper makes an attempt to study the savings and investment pattern of senior citizens in Sivakasi.

Objectives of the Study

- To analyze the demographic profile of the senior citizens.
- To identify sources of the income and the savings pattern of the respondents.
- To measure the level of satisfaction of the respondents towards the savings schemes.

- To provide suggestions to make the savings pattern of senior citizen in a more attractive way.

Methodology

The present study is empirical and descriptive in nature, and it is based on primary data collected from the senior citizens through structured questionnaires. Interview schedule is used among senior citizens for collecting information. The sample size was 120 respondents and the senior citizens were identified who are residing in Sivakasi by simple random sampling.

Hypothesis

- There is no significant difference between education and savings pattern of the respondents.
- There is no significant difference between occupation and savings pattern of the respondents.
- There is no significant difference between reason for savings among the respondents and their mode of preference to save.

Tools Used

The data for the present study were collected with the help of likert type 5 point scale consisting of five services. The suggestion to improve economical status has been measured by using mean and SD. In order to achieve the objectives taken up in the study, One-Way ANOVA and Fried man-test have been used to test the level of significance.

Table 1: Demographic profile of the respondents

Age	No. of respondents	Percentage
59 - 64 years	52	43.30
65 - 69 years	36	30.00
69-74 years	24	20.00
Above 74 years	8	6.70
Total	120	100
Gender	No. of Respondents	Percentage
Male	69	57.50
Female	51	42.50
Total	120	100
Marital Status	No. of Respondents	Percentage
Married and living with Spouse	62	51.70
Widow/ Widower	37	30.80
Unmarried	12	10.00
Divorced	9	7.50
Total	120	100
Occupation	No. of Respondents	Percentage
Government Pensioner	43	35.80
Professional	10	8.30
Self Employed	21	17.50
Retired Private Employee	8	6.70
Private Employee	38	31.70
Total	120	100
Monthly Family Income	No. of Respondents	Percentage
Less than `5000	28	23.30
`5001 - `10000	32	26.70
`10001- `15000	39	32.50
Above `15001	21	17.50
Total	120	100

Source: Primary Data

Data Analysis and Interpretation

While investing money, investors have lack of awareness in different investment alternatives. When they take investment decision they have to pay more attention to safety, liquidity, returns, risks, tax benefits and so on.

The investment avenues for senior citizens get limited due to restrictions like age, retirement etc. In such a situation any investment starts having some necessary requirements such as low risk, generation of periodic income etc. Add to this the ever increasing inflation and decreasing interest rates which makes the choice of investment even more difficult for this segment of investors. Moreover savings can itself be made to earn, more money. Savings are a must for any householders, which has to be planned and understood properly both by the husband and wife for their own future wellbeing. It is however, essential to understand what and how to do savings for better return, as savings it kept idle, do not give any benefit. A study on the savings and income pattern of senior citizens are becoming more heterogeneous.

Demographic Profile

Senior citizens are those who have crossed their majority of the path. So, it is necessary to study the socio-economic status of the sample respondents. A survey had been conducted among 120 respondents in Sivakasi and shown in the following table.

It can be inferred from the Table 1 that 73.30 percent of the respondents belonged to the age group of 59 to 69 years and among them majority were 59-64 years of age. 57.50 percent of the respondents are male and 42.50% of the respondents are female. 51.70 percent of the respondents are married and are living with spouse. 35.80 percent of the senior citizens are government pensioners and 31.70 percent are still working in private concerns and 17.50 percent of the respondents are self employed. 32.50 percent of the senior citizens' monthly family income ranges from `10001-`15000 and only 17.50% of the respondents had a monthly family income of more than `15001.

Financial Planning and Investment Pattern

Financial planning is an important life task. People must learn to budget their funds to help them achieve their life's goals. Ideally, financial planning should start as early as possible and should continue throughout the rest of one's life, including both retirement and old age. Financial planning during one's golden years differs from financial planning earlier in life. Most senior

citizens will have savings to supplement any pension and Social Security income. Senior citizens generally have a shorter investment time horizon than younger people. This gives them less time to make up any financial losses. A senior citizen who loses much of his savings may find it difficult to meet basic expenses. The researchers have made an attempt to find out the financial planning of the respondents and their pattern of investments and the results are depicted in table 2

Table 2: Investment pattern of the respondents

Pattern of investment	No. of respondents	Percentage
Gold	22	18.30
Land and Building	18	15.00
Household Equipments	13	10.80
LIC	24	20.00
Deposit in banks	34	28.30
Mutual Funds/Share Market	9	7.50
Total	120	100

Source: Primary Data

The above table 2 reveals that out of 120 respondents, 18.30 per cent of the respondents have invested their savings in gold, 15.00 per cent of the respondents have invested their savings in land and building, 10.80 per cent of the have invested their savings in household equipments, 20.00 per cent of the respondents have invested their savings in LIC (Life Insurance Corporation of India), 28.30 per cent of the respondents have invested their savings by depositing in banks as it provides interest for their deposits and it is more safe and secure than investing in other avenues.

Pattern of Savings for Retired Life

Majority of the senior citizens depend on others for economic support. They should save money from the middle age itself for the retirement. Majority of senior citizens don't have enough money to live in comfort in their retirement years. So often the amount of their savings is a fraction of what they actually need to keep them in food for a month. Senior citizens enjoy additional benefits in terms of saving schemes and interest earned on them. Interest is levied on the amount of money deposited for a particular time period. The rate of interest varies for different durations and is liable to change from year to year. Most banks provide a higher rate of interest to senior citizens than the rate available to the general public. The following table 3 shows the various savings option available for senior citizens for their retired life.

The above table 3 indicates that out of 162 responses, 92 responses are for investment in senior citizen schemes offered by the Government, post office and banks.

Table 3: Pattern of savings for retired life

Savings option	No. of respondents	Percentage
Senior Citizen Savings Scheme 2004	14	8.64
Post Office Senior Citizen Savings Scheme	46	28.39
Senior Citizen Savings Scheme in banks	32	19.75
Reverse Mortgage	10	6.17
Capital Gains	18	11.18
Investment in Health policies	42	25.91
Total	162*	100

Source: Primary Data,*Number of response outnumber the respondents as the senior citizens have invested in more than one options

A majority of 28.39 per cent of the respondents have invested in Senior Citizen scheme, 19.75 per cent of the respondents stated that they have invested in Post office senior citizen savings scheme, 8.64 per cent of the respondents stated that they have invested already under senior citizen savings scheme 2004 instituted by the Government of India and only 6.17 per cent of the respondents stated that they have invested in Reverse Mortgage and a majority of 25.91 per cent of the respondents have invested in health policies. The above table reveals that more than half of the senior citizens had in mind

to invest in senior citizens schemes as the amount invested will reward high and safe. Next option is for investment in health policies as it gives secured life

Level of satisfaction towards savings

Hypothesis

- H₀: There is no significant difference between Education and Savings Pattern of the respondents.

The results of ANOVA test has been shown in Table 4.

Table 4: Education and savings Pattern-anova analysis

Factors or variables		Education				
		Sum of squares	Df	Mean square	F	Sig.
Percentage of savings Income	Between Groups	4.537	4	1.134	.966	.429
	Within Groups	135.054	115	1.174		
	Total	139.592	119			
Pattern of investment	Between Groups	1.708	4	.427	.154	.961
	Within Groups	318.217	115	2.767		
	Total	319.925	119			
Saving Options	Between Groups	24.813	4	6.203	1.775	.139
	Within Groups	401.987	115	3.496		
	Total	426.800	119			
Mode of Payment	Between Groups	8.409	4	2.102	2.349	.058
	Within Groups	102.916	115	.895		
	Total	111.325	119			

Source: Computed data

The overall ANOVA analysis reveals that the calculated values of the variables Percentage of savings income (.429), Pattern of investment (.961), Saving Options (.139) and mode of payment (.058) are greater than the significant value 0.05. Hence the null hypothesis is accepted and there is no significant difference between Education and the Savings pattern of the

respondents. Hence it can be concluded that the education factor does not influence the savings pattern of the senior citizens.

- H₀: There is no significant difference between Occupation and Savings Pattern of the respondents.

The results of ANOVA test has been shown in Table 5.

Table 5: Occupation and savings pattern – anova analysis

Factors or variables		Occupation				
		Sum of squares	Df	Mean square	F	Sig.
Percentage of savings Income	Between Groups	10.436	4	2.609	2.323	.061
	Within Groups	129.156	115	1.123		
	Total	139.592	119			
Pattern of investment	Between Groups	22.742	4	5.685	2.200	.073
	Within Groups	297.183	115	2.584		
	Total	319.925	119			
Saving Options	Between Groups	19.246	4	4.812	1.358	.253
	Within Groups	407.554	115	3.544		
	Total	426.800	119			
Mode of Payment	Between Groups	3.688	4	.922	.985	.419
	Within Groups	107.637	115	.936		
	Total	111.325	119			

Source: Computed data

The overall ANOVA analysis reveals that the calculated values of the variables Percentage of savings income (.061), Pattern of investment (.073), Saving Options (.253) and mode of payment (.419) are greater than the significant value 0.05. Hence the null hypothesis is accepted and there is no significant difference between the occupation and the savings Pattern of the respondents. Hence it can be concluded that the

occupation factor does not influence the savings pattern of the senior citizens.

- H_0 = There is no significant difference between reason for saving among the respondents and their mode of preference to save.

To make an analysis Fried man test has been applied and the results are shown in Table 6.

Table 6: Reason for savings and mode of preference to save money fried man analysis

Savings	Mean rank
To Meet Family Commitments	6.34
To Enjoy Tax Rebate	8.46
To Meet Old Age Requirements	6.71
To Meet Contingencies	7.11
To Meet Medical Expenses	5.59
To Reserve For Personal Expenses	8.04
To Travel For Religious Places	9.45
Bank Deposits	7.53
Post Office Savings Scheme	5.85
Insurance	5.81
Corporate Securities	9.25
Chit Funds	10.28
Gold	6.98
Lands	7.62

Source: Computed data

The above table reveals that a majority of the senior citizens invest their savings in chit funds which gives lump sum amount whenever needed. Chit funds are offered in jewelry shop, agents in neighbor’s homes and so on. Chit funds are paid weekly or monthly basis. As the chit funds are easily available for the senior citizens and the payment is weekly or monthly they can avail lump sum amount on demand with discount from chit funds and it is very helpful to them.

Table 7: Chi-Square

Test Statistics ^a	
N	120
Chi-Square	191.988
Df	13
Asymp. Sig.	.000

Source: Computed data

The table above provides the test statistic (χ^2) value (191.988), degrees of freedom (13) and the significance level at 5% level. The calculated value of Chi – square value is less than the table value. The null hypothesis is rejected .Hence it can be concluded that there is significant difference between reason for saving among the respondents and their mode of preference to save.

Problems and Suggestion

Problems Faced by Senior Citizens

Given the volume of saving, the household determines about its allocation among competing assets, depending on a) availability of various assets b) their respective rates of return and c) the rate of return on physical assets. In the financial saving of the household sector, there is a decline in currency held by the households. The diversification of the financial structure and the switching over to new financial instruments are instrumental to invest in rewarding ones. The largest increase in non-contractual assets is in the deposits.

When the capital markets offer better returns there is a switching over to shares and debentures and units of mutual funds. Senior citizens come across with various problems while they decide on various investment options, namely investment and economic problems.

From the ranking it is clear that the most serious problem faced by senior citizen happens to be **Volatility in price**, and the least investment problem happens to be **Lack of return is sufficient**.

Suggestion to Improve Economical Status

Fifteen different suggestions that contribute to improvement of economic status had been identified by the researcher during this study and each respondent is asked to rate the factor on a

Table 8: Problems faced by senior citizens

Problems in investments		Strongly agree	Agree	Un decided	Disagree	Strongly disagree	Mean	Rank
Lack of return is sufficient	No.	37	81	1	1	0	4.28	X
	%	30.8	67.5	0.8	0.8	0		
Lack of funds	No.	39	61	15	3	2	4.10	VII
	%	32.5	50.8	12.5	2.5	1.7		
Lack of sufficient encouragement	No.	40	57	13	7	3	4.03	IV
	%	33.3	47.5	10.8	5.8%	2.5%		
Lack of agents for collecting the amount	No.	39	54	11	10	6	3.92	II
	%	32.5%	45.0%	9.2%	8.3%	5.0%		
Formalities involved	No.	42	65	5	8	0	4.18	IX
	%	35.0%	54.2 %	4.2%	6.7%	0%		
Legal Problem	No.	40	56	13	5	6	3.99	III
	%	33.3%	46.7%	10.8%	4.2%	5.0%		
Volatility in price	No.	27	60	20	2	11	3.75	I
	%	22.5%	50.0%	16.7%	1.7%	9.2%		
More risk	No.	40	59	9	11	1	4.05	V
	%	33.3%	49.2%	7.5%	9.2%	0.8%		
Lack of liquidity	No.	39	66	8	5	2	4.13	VIII
	%	32.5%	55.0%	6.7%	4.2%	1.7%		
Lack of loss of capital	No.	47	48	13	10	2	4.07	VI
	%	39.2%	40.0%	10.8%	8.3%	1.7%		

Source: Computed data and Primary Data

scale from strongly agree (5 points) to strongly disagree (1 point).The table below ranks the suggestions to improve the economic status of the

senior citizens with the help of Descriptive Statistics.

Table 9: Suggestions to improve economical status

Variables	Factor	Mean	Rank
1	Employers equivalent contribution to P.F to be made compulsory	2.5227	XIII
2	Senior citizens have great faith on Govt sectors and private sectors can tab this by creating confidence	4.4318	I
3	Reverse mortgaging a house can be done	2.1818	XV
4	Senior citizens health insurance plans to be covered	3.1477	XI
5	Pension can be increased	4.0341	IV
6	Invest in Retirement benefits	3.7841	V
7	In insurance some critical illness plans should design for senior citizens	4.0455	III
8	Services provided by investment company should be more prompt	2.5000	XIIV
9	Attitude of staff in banks, post offices etc., should be more countries and respectful towards senior citizens	4.2386	II
10	Invest in tax planning schemes	2.6932	XII
11	Savings in senior citizens to be mad	3.7273	VI
12	Govt to take initiative to organize campaigns to orient needs for savings	3.5795	VIII
13	Develop the habit of compulsory savings	3.3636	X
14	Not to invest in private chit funds	3.6932	VII
15	NGOs have to improve the quality of life of destitute elders primarily in the rural areas through its welfare projects	3.5227	IX

Source: Computed data

From the ranking it is clear that the highest ranked suggestion given by the senior citizens happens to be 'Senior citizens have great faith on government sectors and private sectors can tab this by creating confidence, followed by the second highest ranked suggestion is 'Attitude of staff in banks, post offices etc., should be more courteous and respectful towards senior citizens' and the least ranked suggestion happens to be 'Reverse mortgaging a house can be done'.

Conclusion

Due to ever-changing socio – economic and demographic scenario of the country, role of senior citizens in India's economy has increased vehemently. The fast increasing population of senior citizens of India cannot be over looked any more. Senior citizens need to be organized so that their role in nation's economy could be recognized as well as appreciated at various levels and on the other hand, their consumer interest could also be protected. Every young worker can build up

enough savings during his/her working life, which would serve as a shield against poverty in old age. Government can increase the interest rate of senior citizen deposit schemes and modernization of post offices can be done. Latest technology like e certificate of NSC schemes should be incorporated in post offices to serve the

public in an efficient manner, so that the transaction time may be reduced. Tax is not to be deducted at source for interest on fixed deposits made by senior citizen savings scheme. Senior citizens can guide and motivate the youth and their sons and daughters to save a part of their income to meet their future requirement [1-13].

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