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THE STUDY OF MUTUAL FUNDS FOR RETIREMENT PLANNING

Prajakta Mantri, Prashant Chhajer, Vishal Mehta and Vandana Gandhi
Department of Management Technology, Shri Ramdeobaba College of Engineering and Management, India

Abstract

Retirement planning should be ranked first in the priority list of everyone, yet, it is observed that people do not see retirement as a vital financial goal until late in life. This study recognizes the attitude of people towards retirement planning, their general financial literacy and perception towards mutual funds for retirement planning. The study also identifies mutual fund schemes from equity category and hybrid category which should be considered for investing with retirement as a financial goal. Data for primary research was collected through structured questionnaire. As a part of secondary research, data on several parameters of total 422 schemes belonging to 12 different categories is extracted from various sources. The schemes are then divided into quartiles or halves depending on the sample size and with the help of t-test the statistical significance of the parameters is tested to ensure whether they can be pursued further. The study found that there is lack of knowledge about financial literacy amongst people and It is noticed that acceptance of mutual funds for retirement planning is more in younger population as compared to older ones. 27 mutual funds schemes with better performance against their peers from respective categories have been shortlisted overall. Based on factors like financial goals and risk appetite of people of a particular age group different mutual fund schemes have been suggested.

Keywords:

Retirement, Retirement Planning, Mutual Funds, Financial Literacy

1. INTRODUCTION

Cambridge dictionary defines retirement as “the period in someone’s life after they have stopped working because of having reached a particular age”. For the sake of leading a hassle-free life post-retirement, planning for it well ahead in time is essential [2].

Retirement planning should be looked upon as a critical financial goal to ensure that one has ample corpus of funds for maintaining the existing life style. Rise in life expectancy coupled with minimal pension support from the Government and ever-increasing cost of health care services have made retirement planning very crucial [5].

Retirement planning is a multi-step process that starts with thinking about one’s retirement goals and the time span available to meet them. Then one needs to look at the types of investment avenues that can help the money to grow [8]. Some of the most commonly used investment options for retirement planning are 1) National Pension Scheme, 2) Public Provident Fund, 3) Fixed deposits/recurring deposits, 4) Mutual Funds, 5) Equity, 6) Life Insurance Pension Plans, 7) Gold and 8) Real Estate, etc. [11].

In India, majority of people invest in real estate, bank fixed deposits and gold when it comes to retirement planning [15]. People are still reluctant to take a chance and devote their capital into instruments like direct equities or mutual funds. Mutual funds can be the foundation of retirement plan. A mutual fund is one of the few investment avenues that can beat inflation. One must make mutual funds the centerpiece of his retirement planning. Mutual funds are a better option due to Diversification, Flexibility, Tax Efficiency, and Transparency that they offer.

This study aims to study the attitude and perception of investors towards Mutual funds as an avenue for retirement planning and also explore equity based and hybrid mutual funds for the same purpose.

2. REVIEW OF LITERATURE

Saurav Biswas [3] argues that India’s economic growth is bundled with population shift from young to aged occurring at an accelerated pace. Statistics show that between 2015 and 2050 the population is expected to grow by 27% while the population of those above 60 years is expected to grow by 171%. According to the survey of 2000 respondents, Indians start saving for retirement from the age of 38 years. The silent majority of the respondents regret they started saving late for retirement.

RBI, in its report on Indian Household Finance of July 2017 issue, reveals that the average Indian household hold 84% of their wealth in real estate and other physical goods, 11% in gold and the remaining 5% in financial assets. This holding patternis similar toother developing economies like China and Thailand where households allot 91% and 95% of their wealth respectively towards non-financial assets. Retirement accounts play a very limited role in household balance sheets in such economies. In contrast the households in developed countries allocate a sizeable fraction of their wealth to retirement savings. The survey claims that 77% of Indian households either do not plan to retire or have not actively planned for retirement [4].

As per National Accounts Statistics report of 2019, majority of the savings of households are in physical assets, deposits or in the form of currency. Only a mere speck of funds is saved in shares, debentures and mutual funds [10].

Thakur and Jain [14] propound that there are various schemes initiated by the government which constitutes the Indian social security system. Some of those schemes are Employee Provident Fund Organization (EPFO), civil services pension, National Pension Scheme (NPS), voluntary tax-advantaged schemes like ELSS and PPF, Atal Pension Yojana for people in unorganized sector. Besides these, people can also invest in mutual funds, bank deposits, life insurance, real estate, Employees’ Provident Fund (EPF), etc. when it comes to saving with the intention of retirement.

Investing in mutual funds has its own perks, affirms Kumar [6]. Investment in mutual funds ensures disciplined diversification as the fund managers are bound to operate within a framework and follow fundamentals of investing. One can start investing in mutual funds even with small amount of money and does not need lump-sum amount to start investing. This is also an advantage of investing mutual funds.

Monga [9] responds to the query on mutual funds and states that equity mutual funds possess the potential to deliver an annualized return of 11% to 14% over a long period of time.

Dhawan [4] defends that over the last 10 years where Nifty 50 and BSE Sensex have generated a compounded annual growth rate (CAGR) of 6.01% and 6.22% respectively, gold on the flip side have generated a CAGR of 9.4%.

Agrawal [1] asserts that although real estate in India is observed as one of the safest investment avenues, it comes with trade-offs such as unpredictability of investment, impracticality of tracking the investment, slow returns and of course, the liquidity factor. With all these trade-offs, 10-year average rate of return on real estate in Mumbai is 15%. The returns are considerable only when invested in metro cities in India.

Sen [13] claim that post liberalization, the insurance industry in India recorded significant growth owing to solid economic growth and higher personal disposable incomes in the country. The Indian insurance industry generated a CAGR of 10.49% over the past 11 years.

From the above discussion it can be said that mutual funds can give reasonably fair returns and should be preferred as an investment avenue while planning one's retirement. Specifically mutual funds as a retirement planning option have not been studied much. Therefore, this study aims to focus on mutual funds as the zero option for retirement planning. The primary research gives the insight as for how people perceive the concept of retirement, how they plan it, their needs and wants post-retirement. The secondary research on contrary provides with the pool of equity and hybrid mutual funds in the market. The best from the category is then preselected which can be considered when planning for retirement.

Little [7] investigate the findings of retirement income literacy survey. The questionnaire consists of knowledge questions as well as behavioral and attitudinal questions on retirement income planning topics like general retirement planning, the ability to maintain one's lifestyle, retirement income generation, annuities, social security, life expectancy, death of a spouse, taxes, inflation, housing decisions, medical insurance, and long-term care planning. The failing score is kept to be less than 60% because it has been used as a common benchmark for other financial literacy research reports, allowing comparison among groups.

Following the same line of thought, this study intends to conduct primary research by collating responses on the questionnaire inclusive of quiz-based questions together with situational and demographic questions to examine respondents' awareness towards retirement planning, financial literacy, and their perception towards mutual funds for retirement planning. 60 percent is identified as the passing score for the respondents.

3. RESEARCH METHODOLOGY

3.1 RESEARCH PROBLEM

The need for retirement planning has been stressed upon, time and again, by experts. However, people concerned about their retirement are perplexed with the wide range of investment instruments available in the market. People usually pick conventional investment avenues for retirement planning for two reasons. First, they are worried that they might end up losing their hard-earned money if they invest in instruments like direct equities or mutual funds. The second reason that people choose traditional avenues of investment is that they are ill-informed or lack knowledge and skills to understand the mechanism of other investments. A lot of folks believe that mutual funds are risky instruments. Most of them are not even aware that mutual funds can generate monthly income for them. Perhaps not much light has been thrown on investing through mutual funds. Therefore, it is necessary to understand how mutual funds can help build the desired retirement corpus and which mutual funds to invest in.

4. OBJECTIVES

- To understand awareness in people towards retirement planning, their perception towards mutual funds for retirement planning and gauging their financial literacy with the aim of knowing to what extent mutual funds can be accepted by them especially for retirement planning.
- To identify mutual fund schemes from different categories that can contribute towards retirement planning

4.1 HYPOTHESIS

The null and alternate hypothesis for one-tail two sample t-test is as follows:

$$H_0: \mu_1 < \mu_2 \text{ and } H_1: \mu_1 > \mu_2$$

where, μ_1 = mean of top quartile sample and μ_2 = mean of second quartile sample

4.2 METHODS OF DATA COLLECTION

This study is based on both, the primary data as well as the secondary data. The primary data is collected through structured questionnaire. On the other side, secondary data of equity and hybrid categories of mutual funds on various parameters has been collected and a database of such funds has been formed. The secondary data has been extracted from mutual funds' factsheets, value research online website and money control website.

4.2.1 Secondary Data Collection:

Mutual fund schemes from 12 different categories have been considered for the purpose of finding the best schemes in their respective categories. The fund categories [12] are:

1. Equity: Large Cap
2. Equity: Large and Mid-Cap
3. Equity: Multi Cap
4. Equity: Mid Cap
5. Equity: Small Cap
6. Equity: ELSS
7. Hybrid: Aggressive
8. Hybrid: Balanced
9. Hybrid: Conservative
10. Hybrid: Equity Savings
11. Hybrid: Dynamic Asset Allocation
12. Hybrid: Multi Asset Allocation

Data for a total of 422 schemes from these categories have been collected on 10 parameters from various sources. The parameters are:

1. SIP 10 Year Returns
2. SIP 5 Year Returns
3. SIP 3 Year Returns
4. Sharpe Ratio
5. Jenson's Alpha
6. Launch Date
7. AUM (Assets Under Management)
8. Fund Manager's Experience
9. Expense Ratio
10. Turnover Ratio

4.3 METHOD OF ANALYSIS

Data on the formerly mentioned parameters has been collected for all the 422 schemes. The data collected reflects the major downfall in the market in last one month. Each category is considered as a separate sample and the schemes in that particular category are either divided into four quartiles or into two halves depending on the number of schemes in that category. If a category has large number of schemes under it, such category is divided into quartiles. If the category has only a few, say 15 to 20 schemes, then the schemes in that category are divided in two halves. The sections of quartiles or halves are formed individually for every fund category and parameter except launch date and fund manager's experience.

In each category for every parameter a one-tail two sample t-test is applied between the top quartile and second quartile or between the two halves, as per the case. The two-sample t-test has been applied on individual parameter to check the statistical significance for further consideration.

If the one-tail P-value is less than the value of alpha which is taken as 0.05, we reject the null hypothesis. On the contrary, if the P-value is greater than alpha, we cannot reject the null hypothesis. The parameter for which the null hypothesis is rejected is considered as statistically significant.

The schemes in the top quartile having parameter values greater than that of the mean specified in the result of t-test are selected. In the similar manner for every parameter of each category the top quartile schemes with values greater than the mean value of that parameter are selected.

Finally, the schemes in a particular category with values higher than the mean for maximum of the parameters are shortlisted as the best performing schemes of that category and are suggested for the purpose of investing in them.

5. DATA ANALYSIS

5.1 PRIMARY DATA ANALYSIS

Primary data from 103 respondents is collected through a structured questionnaire of 23 questions. The questionnaire starts with demographic factors like gender, age, educational qualification, occupation, annual income. Further, the questionnaire covers questions on the aspects of respondents' awareness towards retirement planning, financial literacy, and their perception towards mutual funds for retirement planning. The questionnaire attempts to get an insight on previously stated parameters with the help of quiz along with some situation-based questions.

Table.1. Respondents' Profile

Demographic Factor	Category	Percent
Gender	Male Female Other	67% 33% 0%
Age	Less than 35 years Above 35 years	43% 57%
Educational Qualification	Upto metric Graduate Post Graduate PhD	1.9% 48.5% 38.8% 10.8%
Occupation	Public Sector Private Sector Self-employed	16.5% 68% 15.5%
Annual Income	< 5,00,000 LPA 5,00,000 LPA – 10,00,000 LPA 10,00,000 LPA – 15,00,000 LPA 15,00,000 LPA – 20,00,000 LPA > 20,00,000 LPA	16.5% 43.7% 23.3% 6.8% 9.7%

From the Table.1, it can be seen that the sample has a gender distribution of 67% male and 33% female. Respondents below the age of 35 years are 43% of the total sample which amounts to 44 people in comparison to 57% who are above the age of 35 years which tallies to 59 people.

The highest level of education attempted by the respondents is graduate which is 48.5%, followed by post graduate 38.8%, PhD 10.8% and 1.9% respondents are qualified till metric. In the employment structure, majority i.e. 68% respondents are private sector employees in comparison with the respondents of public sector that is 16.5% and self-employed 15.5%.

Table.2. Responses Related to Awareness on Retirement

Questions	From people <35 years of age	From people ≥ 35 years of age
In general, what is the current retirement age in India?	80%	85%
True or False? TDS is deducted for people above 60 years of age on interest income of amount less than Rs. 50,000 on deposits with banks and post offices.	39%	47%

With respect to annual income of respondent, it is seen that highest proportion of respondents i.e. 43.7% earn annual income between Rs. 5,00,000 – Rs. 10,00,000. 23.3% respondents earn income between Rs. 10,00,000 - Rs. 15,00,000 per annum. 16.5% respondents' annual income is less than Rs. 5,00,000 whereas 9.7% respondents' income is above Rs. 20,00,000 and 6.8%

respondents have their annual income between Rs. 15,00,000 - Rs. 20,00,000.

The Table.2 shows the responses for retirement related awareness. 85% of respondents above the age of 35 years are aware about the retirement age in India while only 80% of the respondents below 35 years of age are aware. Awareness about TDS on interest income on bank deposits was quite low in both the age groups. The older age group fared slightly better at 47% as compared to 39% in the younger age group.

Table.3. Responses Related to Financial Literacy

Questions	From people <35 years of age	From people ≥ 35 years of age
Raju has invested Rs. 10,000 in a fixed deposit for 1 year. The rate of interest offered is 7% p.a. What will be the worth of his investment on maturity considering 5% inflation?	27%	37%
If Raman invests in New Pension Scheme normally till what age he cannot withdraw money from the scheme?	55%	42%
What is the average inflation rate over last 10 years in India?	30%	37%
The value of Rs. 1 crore today is less than the value of Rs. 1 crore after 5 years?	45%	44%
What type of mutual fund offers the prospect of tax-free earnings?	5%	15%
What type of sector fund has performed the best over the last 10 years?	14%	5%

These questions were put up to analyze the general financial literacy amongst respondents. Respondents of neither age groups could correctly answer all questions. They were able to answer only 50% of the questions. Nevertheless, it can be said that financial literacy level is quite poor.

Table.4. Responses Related to Perception towards Mutual Funds

Questions	From people <35 years of age	From people ≥ 35 years of age
Can mutual funds be a source of monthly income in your retirement?	77%	53%
Currently in the market, what is the minimum amount to be invested in SIP?	23%	14%

The Table.3 shows the responses for perception towards mutual funds. 77% of the respondents below the age of 35 years are aware that mutual funds can be a source of monthly income while only 56% of those above 35 years are aware. With regards to awareness about the minimum SIP amount 23% of respondents below the age of 35 years are aware as compared to the other age group. With regards to the above two questions the younger age group has more awareness.

5.2 SECONDARY DATA ANALYSIS

The one-tail two sample t-test is applied to find if all of the factors are statistically significant and should be considered for further analysis in order to fulfill the second objective of study. The t-test is exercised between the schemes in top quartile and second quartile or between the two halves for every factor in each of the 12 categories.

Table.5. Result of T-test for SIP 3Y Returns of Large Cap Category

	Top Quartile	Second Quartile
Mean	0.444	-5.293
Variance	21.22607789	1.149148421
Observations	20	20
Hypothesized Mean Difference	0	
Df	21	
t Stat	5.423955645	
P(T<=t) one-tail	0.000011	
t Critical one-tail	1.720742903	
P(T<=t) two-tail	0.000022	
t Critical two-tail	2.079613845	

The Table.5 shows that p-value of one tail is less than 0.05 for SIP 3 year returns of large cap category funds. Hence, the null hypothesis is rejected. It concludes that SIP 3 year return has significant influence over selection of schemes. This also concludes that the top quartile schemes have been performing better and giving better returns as compared to schemes in second quartile.

Likewise, the test has been carried out for all parameters and the results of test show that all the parameters are statistically significant and in turn are important to discover the best schemes of the category. The quartiles or halves consist of different schemes when computed for different parameters. This is so because while for one parameter high values are desirable, for example SIP returns, for other parameter low values are desirable, for example expense ratio.

It was observed during the test that schemes of top quartile have better values than their second quartile counterparts and this was confirmed through their quartile means as well. In Table.5, it can be seen that mean of top quartile sample is greater than the second quartile sample. The schemes in top quartile with values less than the quartile mean were discarded and only those with values greater than the quartile mean were considered for further analysis.

6. RESULTS AND FINDINGS

6.1 RESULTS OF PRIMARY DATA ANALYSIS

After conducting the primary research following results have been found:

- It is observed from the responses on questions related to perception towards mutual funds that people below the age of 35 years are better informed about mutual funds than people above the age of 35 years.
- From the responses on financial literacy questions, it is noticed that people have very poor general financial literacy and are not well-versed with basic concepts.
- Out of 103 respondents, not even a single one got a perfect score of 10 on 10. 60% was kept as passing criteria. Only 11 respondents could achieve the score of 60% which is approximately 11% of the total respondents.
- It is found that the average age by which people start saving for their retirement is 38 years. On doing age wise bifurcation it is found that on an average people below the age of 35 years start saving for their retirement from 33 years of age while those above the age of 35 years start saving for their retirement from 41 years of age.
- The mean monthly income post-retirement is found to be Rs. 1,05,000 for all the respondents in the sample.
- It is detected that average monthly saving by people below the age of 35 years is around Rs. 7,830. On the contrary, the average monthly saving by people above the age of 35 years is around Rs. 12,270. This explains that people approaching retirement save more as compared to young population as young people have more varied financial goals to be fulfilled, some of such goals being pursuing higher studies, buying their own house, etc. while a few of these are already accomplished by the older people.
- From the responses to question measuring the level of openness to invest in mutual funds for retirement planning on a scale of 1 to 10, it is observed that average response from people below the age of 35 years is 7 and that from people above the age of 35 years is 5. We can say that not only young people are better informed about mutual funds but they are also more open to investing in it for retirement than the older population.
- When asked to allocate money saved for retirement in different investment avenues, it is found that young people tend to invest lower share of their savings into bank FDs as compared to older people. On an average people below the age of 35 years invest 10% of their savings into bank FDs. On the other hand, people above the age of 35 years invest 20% of their savings in band FDs.

6.2 RESULTS OF SECONDARY DATA ANALYSIS

27 mutual fund schemes from a total of 422 schemes belonging to 12 different categories have been shortlisted as the best performing ones in their respective categories. These schemes have been selected on the basis of two sample t-test. The schemes on the top in majority of the parameters are shortlisted subsequently.

Table.6. Equity: Large Cap Funds

Fund	Axis Bluechip Fund	CanaraRobecoBluechip Eqt
SIP Returns(3Y)	9.91%	5.86%
SIP Returns(5Y)	11.52%	8.52%
SIP Returns(10Y)	12.69%	-
Sharpe Ratio	1.22	0.61
Jenson Alpha	7.2	4.69
Launch Date	05-01-10	20-08-10
AUM (in Rs. Crore)	11823.95	352.87
FM’s Exp (yrs)	18	13
Expense Ratio (%)	1.73	2.47
T/O Ratio	0.8	0.56

Large cap funds must hold at least 80% of their investments in large cap companies. There are total 112 schemes in large cap category of mutual funds. Of all the schemes, the schemes specified in Table.6 are the suggested schemes for investing in the large cap category.

Table.7. Equity: Large and Mid Cap Funds

Fund	Canara Robeco Emerging Equities	Invesco India Growth Opportunities	Mirae Asset Emerging Bluechip	Principal Emerging Bluechip
SIP Returns (3Y)	-5.6%	-1.28%	-5.32%	-3.56%
SIP Returns (5Y)	3.42%	4.97%	4.76%	4.47%
SIP Returns (10Y)	14.86%	10.48%	-	13.89%
Sharpe Ratio	0.4	0.51	0.48	0.26
Jenson Alpha	7.97	2.98	8.39	6.12
Launch Date	11-03-05	09-08-07	09-07-10	12-11-08
AUM (in Rs. Crore)	5597.35	2498.42	9613.59	2116.72
FM’s Exp (yrs)	14	24	12	25
Expense Ratio (%)	1.97	2.05	1.78	1.91
T/O Ratio	0.59	0.35	0.63	0.66

Such funds must hold at least 35% of their investments each in large cap companies and mid cap companies. These 4 mutual fund schemes shown in Table.7 are performing better than the rest in the category. It is suggested to invest in these if one wants to invest in the large and mid-cap mutual funds.

Table.8. Equity: Multi Cap Funds

Fund	Axis Focused 25	SBI Focused Equity
SIP Returns(3Y)	0.16%	1.04%
SIP Returns(5Y)	7%	6.51%
SIP Returns(10Y)	-	12.73%
Sharpe Ratio	0.67	0.71
Jenson Alpha	6.36	7.84
Launch Date	29-06-12	11-10-04

AUM (in Rs. Crore)	9764.08	8263.77
FM's Exp (yrs)	17	26
Expense Ratio (%)	1.85	1.88
T/O Ratio	1.27	0.22

Multi cap funds hold any proportion of their investments across large, mid and small cap companies. The schemes mentioned in Table.8 are the topmost performing schemes in this category and should be considered while investing in this category.

Table.9. Equity: Mid Cap Funds

Fund	DSP Midcap	Invesco India Midcap
SIP Returns(3Y)	-4.73%	-2.64%
SIP Returns(5Y)	3.13%	3.61%
SIP Returns(10Y)	12.03%	12.64%
Sharpe Ratio	0.25	0.38
Jenson Alpha	5.81	7.9
Launch Date	14-11-06	19-04-07
AUM (in Rs. Crore)	7458.11	805.39
FM's Exp (yrs)	19	17
Expense Ratio (%)	1.93	2.39
T/O Ratio	0.24	0.59

Mid cap funds hold at least 65% of their investments in listed mid cap companies. The schemes in Table.9 have been in the market for more than the period of 10 years with the fund managers having experience of more than 15 years. Looking at values of all the factors, these schemes should be considered for investing in mid cap category of mutual funds.

Table.10. Equity: Small Cap Funds

Fund	Axis Small Cap	SBI Small Cap
SIP Returns(3Y)	3.77%	-5.36%
SIP Returns(5Y)	7.7%	4.63%
SIP Returns(10Y)	-	16.81%
Sharpe Ratio	0.66	0.4
Jenson Alpha	13.44	11.85
Launch Date	29-11-13	09-09-09
AUM (in Rs. Crore)	2506.67	3475.83
FM's Exp (yrs)	11	25
Expense Ratio (%)	2.01	2.2
T/O Ratio	0.22	0.28

Smallcap funds hold at least 65% of their investments in listed small cap companies. As small cap companies are said to give higher returns and are said to be volatile, such funds also tend to give high returns. This can be verified by the value of Jenson's Alpha given in Table.10. Even though Axis Small Cap fund has been launched only 7 years ago, it has been giving high returns as compared to other schemes in the category. SBI Small Cap fund has been launched for more than 10 years and is giving high SIP 10 year returns with all other reasonably fair values.

Table.11. Equity: ELSS Funds

Fund	Axis Long Term Equity	Canara Robeco Equity Tax Saver
SIP Returns(3Y)	-4.62%	-2.3%
SIP Returns(5Y)	2.51%	3.49%
SIP Returns(10Y)	12.27%	8.79%
Sharpe Ratio	0.69	0.54
Jenson Alpha	6.84	4.65
Launch Date	29-12-09	31-03-93
AUM (in Rs. Crore)	21658.58	1036.37
FM's Exp (yrs)	17	13
Expense Ratio (%)	1.7	2.3
T/O Ratio	0.65	1.59

ELSS funds may hold any proportion of their investments across large, mid and small cap companies. The lock-in period for such funds is 3 years in order to claim tax deductions. Amongst all the schemes in this category, the ones listed in Table.11 are the suggested schemes where one can invest for the purpose of tax-saving.

Table.12. Hybrid: Aggressive Funds

Fund	DSP Equity and Bond	SBI Equity Hybrid
SIP Returns(3Y)	-4.35%	0.31%
SIP Returns(5Y)	1.83%	4.68%
SIP Returns(10Y)	7.97%	10.5%
Sharpe Ratio	0.39	0.54
Jenson Alpha	9.85	2.23
Launch Date	27-05-99	31-12-95
AUM (in Rs. Crore)	6464.64	32469.68
FM's Exp (yrs)	11	25
Expense Ratio (%)	1.92	1.62
T/O Ratio	1.42	-

Aggressive hybrid funds hold 65% - 80% of their investments in equity and the rest of their investments in debt instruments. The schemes in Table.12 have been in the market for more than 20 years and are suggested to be considered for investments in the category of aggressive hybrid mutual funds.

Table.13. Hybrid: Balanced Funds

Parameters	Tata Young Citizens	Franklin Pension
SIP Returns(3Y)	1.33%	1.06%
SIP Returns(5Y)	3.72%	3.69%
SIP Returns(10Y)	7.45%	7.95%
Sharpe Ratio	-0.17	0.25
Jenson Alpha	-5.89	-0.79
Launch Date	14-10-95	31-03-97
AUM (in Rs. Crore)	177.29	448.32
FM's Exp (yrs)	12	21
Expense Ratio (%)	2.57	2.28

T/O Ratio	0.582	-

Balanced hybrid funds hold 40% - 60% of their investments in equity and the rest of their investments in debt instruments. These funds are good choices to invest with the perspective of retirement planning as they hold substantial number of investments in debt instruments which follows safety of principal aspect whereas the equity portion helps beat the inflation in the market and get better returns.

Table.14. Hybrid: Conservative Funds

Fund	ICICI Pru Regular Savings	Nippon India Retirement Income Generation
SIP Returns(3Y)	4.58%	4.78%
SIP Returns(5Y)	6.73%	5.58%
SIP Returns(10Y)	9.03%	-
Sharpe Ratio	1.02	0.46
Jenson Alpha	0.65	-0.16
Launch Date	30-03-04	11-02-15
AUM (in Rs. Crore)	1746.1	256.65
FM's Exp (yrs)	13	24
Expense Ratio (%)	1.98	2.01
T/O Ratio	0.02	-

Conservative hybrid funds hold 10%-25% of their investments in equity and the rest of their investments in debt instruments. The schemes in Table.14 are performing better on maximum parameters as compared to other schemes in the category. Hence, these schemes are suggested ones for investment. Conservative hybrid funds are best suited for individuals approaching retirement.

Table.15. Hybrid: Equity Savings Funds

Fund	Edelweiss Equity Savings	ICICI Pru Equity Savings
SIP Returns(3Y)	2.15%	-0.44%
SIP Returns(5Y)	4.51%	3.27%
SIP Returns(10Y)	-	-
Sharpe Ratio	0.52	0.44
Jenson Alpha	1.39	-0.32
Launch Date	13-10-14	05-12-14
AUM (in Rs. Crore)	114.69	1473.63
FM's Exp (yrs)	20	19
Expense Ratio (%)	1.74	1.36
T/O Ratio	0.84	0.38

Hybrid equity savings funds hold at least 65% of their investments in equity and at least 10% of their investments in debt. These funds aim to generate returns from equities, arbitrage trades, and fixed income securities. The Table.15 shows the schemes suggested out of all other schemes in the category.

Table.16. Hybrid: Dynamic Asset Allocation Funds

Fund	DSP Dynamic Asset Allocation	Edelweiss Balanced Advantage
SIP Returns(3Y)	-1.62%	-0.66%
SIP Returns(5Y)	2.25%	2.92%
SIP Returns(10Y)	-	7%
Sharpe Ratio	0.45	0.37
Jenson Alpha	0.47	1.46
Launch Date	06-02-14	20-08-19
AUM (in Rs. Crore)	1306.8	1428.58
FM's Exp (yrs)	11	15
Expense Ratio (%)	2.37	2.08
T/O Ratio	6.22	1.45

Assets in these funds are dynamically allocated between equity and debt. Table.16 consists of the schemes performing better than their peers in the same category. Hence, one should consider these when investing in this category.

Table.17. Hybrid: Multi Asset Allocation

Fund	ABSL Fin Planning FOF Aggressive
SIP Returns(3Y)	-5.91%
SIP Returns(5Y)	0.67%
SIP Returns(10Y)	-
Sharpe Ratio	0.16
Jenson Alpha	-0.24
Launch Date	09-05-11
AUM (in Rs. Crore)	116.1
FM's Exp (yrs)	18
Expense Ratio (%)	1.31
T/O Ratio	-

These funds hold their investments in three different asset classes, with a minimum of 10% in all three. This is special part about this fund. One can diversify their portfolio through this fund across several asset classes. Of all the schemes, the schemes specified in Table.17 are the suggested schemes for investing in the multi asset allocation category.

7. CONCLUSIONS

The objective of recognizing people's attitude and perception with respect to retirement planning has been realized with primary research. It can be concluded that only a minority of people actually contemplate their retirement and plan accordingly. The rest of the population believes in the idea of crossing the bridge when one comes to it.

The secondary research has concluded in suggestions of schemes from equity and hybrid mutual fund categories. People in assorted age groups have different financial goals together with variable risk appetite. Combination of schemes from various categories can help achieve those peculiar financial goals.

Table.18. Funds Suggested to different age groups

Age Group	Suggested Funds	Category
Below 30 years	Mirae Asset Emerging Bluechip Fund Axis Small Cap Fund Axis Long Term Equity Fund	Equity: Large and Mid-Cap Equity: Small Cap Equity: ELSS
30 – 40 years	Invesco India Growth Opportunities Fund Axis Long Term Equity Fund SBI Equity Hybrid Fund	Equity: Large and Mid-Cap Equity: ELSS Hybrid: Aggressive
40 – 50 years	Axis Bluechip Fund SBI Equity Hybrid Fund	Equity: Large Cap Hybrid: Aggressive
Above 50 years	Axis Bluechip Fund ICICI Pru Regular Savings Fund	Equity: Large Cap Hybrid: Conservative

The Table.18 presents various mutual fund schemes that one can invest in for retirement planning. People below the age of 30 years should invest in equity mutual funds as it can meet their returns requirement. Also, young people usually have more risk appetite and longer time frame for investment to grow and in case of losses they have time to recover. People between 30 to 40 years of age have less risk appetite and are focused on fulfilling the financial needs of their family. They work on goals such as owning a house, car, etc. Therefore, besides equity funds they should invest in aggressive hybrid funds as well. This will help them create a sufficient corpus required for their sunset years over and above achieving other goals. From, 40 to 50 years, people start envisioning about their retirement along with major financial goals of children's higher education, etc. They still have 20 years to invest before they retire. Hence, they should invest in large cap funds that give steady returns and in aggressive hybrid funds as it will protect their investments against losses with limited equity exposure. Lastly, the people above the age of 50 years have the least risk appetite. Due to this, they should invest in conservative hybrid funds as these funds have minimal exposure to equity while having maximum investments in the debt instruments which provides cushion in the times volatility in market. The equity schemes on the other hand helps investor beat the inflation with good returns.

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