Abstract

Retirement, is a key aspect of long-term financial planning, influenced by a range of demographic, non-cognitive (psychological), and cognitive factors (financial literacy). Extant research has traditionally focused on demographic factors. However, research suggests psychological factors also play a critical role in shaping financial behavior. Additionally, financial literacy has emerged as a crucial factor due to the increasing complexity of financial markets and the shift toward individual responsibility for retirement planning. In India's diverse socio-economic context, retirement financial behaviour is particularly relevant in regions like the Bodoland Territorial Region (BTR), home to a significant scheduled tribe population facing socio-economic challenges. Despite extensive research on retirement in developed nations, studies addressing the factors influencing retirement financial behavior in India, especially among tribal and marginalized communities, remain scarce. Unique factors such as traditional economic systems, limited access to formal financial services, and distinctive cultural values shape retirement preparedness in these communities, creating challenges that differ from those in more developed contexts. Addressing this gap requires context-specific research that considers the unique socio-economic and cultural dynamics of tribal communities. This research explores the dynamics affecting retirement financial behaviour among working individuals in the BTR of India. It integrates demographic, non-cognitive (psychological), and cognitive (financial literacy) dimensions to provide a holistic understanding of how individuals approach retirement planning and savings within their unique socio-cultural and economic context. The study employs analytical methods such as one-way ANOVA, Kruskal-Wallis Test, and Structural Equation Modelling (SEM) to provide deeper insights related to retirement financial behaviour. Additionally, SEM's multigroup analysis help identify behavioral variations across different groups.

The theoretical foundation of this study draws upon two prominent frameworks: the Theory of Planned Behavior and Mowen's 3M Theory of Motivation.Theory of Planned Behaviour explains how attitudes, subjective norms, and perceived control influence an individual's financial intentions and actions. On the other hand, the 3M Theory focuses on the role of motivation in goal-directed behaviour. By combining these frameworks, the research highlights the interplay of psychological factors and financial literacy in shaping retirement financial behaviour.

The evidence from the research suggests demographic variables such as age, marital status, education, income, and employment type play a significant role in shaping retirement financial

behaviour. Older individuals, tend to show greater financial maturity and are more proactive in planning for retirement due to an increased awareness of future needs. Marital status also influences financial decisions, as married individuals often prioritize long-term financial security to support family needs. Education is another crucial factor; higher levels of education can lead to better retirement planning. Similarly, income and employment type determine an individual's financial stability, directly affecting their ability to save and invest for retirement. Interestingly, the study finds that gender and caste do not have a significant impact on retirement financial behaviour in the BTR. This could be attributed to social norms that are distinct to tribal communities that promote greater financial independence for women, as well as the increasing importance of socio-economic factors over traditional caste-based hierarchies. These findings suggest that the focus should be on factors, such as income and education, rather than gender or caste.

Psychological factors also play a critical role in shaping retirement financial behaviour. The study emphasizes the importance of dimensions such as attitude toward retirement, financial risk tolerance, future time perspective, retirement goal clarity, and social goal support. A strong future time perspective is a key predictor of proactive retirement behaviour. Individuals who focus on the long-term future are more likely to prioritize saving for retirement over immediate consumption. Similarly, clear retirement goals help individuals stay focused and allocate resources effectively, thus improving retirement preparedness. Social Group Support refers to the emotional and informational backing provided by social networks, which can encourage a culture of financial preparedness and help individuals make better retirement related decisions. Attitude toward retirement and financial risk tolerance are also important psychological drivers. Individuals who view retirement positively tend to be more proactive in planning for it, while those with higher levels of financial risk tolerance are more willing to explore diverse investment options for wealth accumulation. These psychological factors significantly influence how individuals approach their retirement related decisions.

One of the most transformative factors identified in this study is financial literacy. It enhances the effects of psychological factors on retirement financial behaviour, in the BTR. Financial literacy empowers individuals with the knowledge and skills needed to navigate complex financial products, make informed decisions, and improve their retirement preparedness. In the BTR, where access to financial services is often limited, financial literacy programs can play a vital role in overcoming these barriers and promoting better retirement planning. The study also emphasizes the importance of context-specific financial literacy initiatives. In regions like the BTR, tailored financial literacy programs can significantly improve retirement preparedness. These programs can be designed to foster a future-oriented mindset, improve goal-setting abilities, and leverage social networks to promote financial security.

By focusing on marginalized communities in the BTR, this research highlights the need for policies and programs tailored to the specific socio-economic dynamics of such regions. The findings offer practical implications for policymakers, financial institutions, and educators, providing actionable strategies to enhance retirement preparedness and promote inclusive economic growth. Ultimately, this research makes a humble attempt towards fostering financial security and resilience among marginalized communities, thereby supporting sustainable development and advancing social equity.