

Navigating Cognitive Dissonance in Retirement Planning and Financial Readiness

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ABSTRACT

This study explores the impact of cognitive dissonance on financial decisions, particularly in retirement planning within Coimbatore District. The problem addressed is the widespread challenge individuals face in achieving adequate financial literacy and preparedness for retirement, exacerbated by conflicting perceptions and behaviors. The study's objectives are to assess financial literacy levels, evaluate retirement planning perceptions across demographic groups, and analyze the extent of cognitive dissonance in financial planning decisions. Utilizing a descriptive research design, the study employed a non-probability sampling method, specifically convenience sampling, with a sample size of 127 respondents. Data were collected through structured questionnaires, and analysis was conducted using tools such as simple percentage analysis, descriptive statistics, correlation analysis, ANOVA, and multiple linear regression analysis. The findings revealed a strong understanding of basic financial concepts but highlighted gaps in knowledge about estate planning and investment options. There were significant associations between educational level and retirement planning perceptions, indicating varied financial awareness. The study suggests targeted educational programs and resources to enhance financial literacy and address cognitive dissonance, promoting better financial decision-making. Conclusively, the study emphasizes the need for comprehensive financial education and personalized planning support to help individuals align their current financial behaviors with long-term retirement goals.

Keywords: Cognitive Dissonance, Retirement Planning, Financial Literacy, Coimbatore District, Financial Preparedness

1. INTRODUCTION OF THE STUDY

Cognitive dissonance is a psychological concept that refers to the discomfort experienced when an individual holds conflicting beliefs, attitudes, or behaviors. In the realm of financial planning, this dissonance can manifest when there is a discrepancy between one's financial goals and the actions taken to achieve them. This study aims to explore how cognitive dissonance impacts individuals' financial decisions, particularly in the context of retirement planning.

Retirement planning is a crucial aspect of personal finance that involves setting goals and making financial decisions to secure a stable and comfortable future post-retirement. However, many individuals face challenges in this area due to a lack of financial literacy, differing perceptions of retirement readiness, and the psychological effects of cognitive dissonance. This study is set in Coimbatore District, a region with diverse demographics and varying levels of access to financial education. By examining these factors, the study seeks to understand how cognitive dissonance influences retirement planning and financial preparedness.

Cognitive dissonance in financial planning can be categorized into several types. One common type is decisional dissonance, which occurs when individuals are faced with making difficult financial choices, such as deciding between spending now and saving for the future. Another type is behavioral dissonance, where there is a conflict between one's financial knowledge and actual behavior, such as understanding the importance of saving but failing to do so consistently. Lastly, there is affective dissonance, which involves the emotional stress and anxiety associated with financial planning, particularly when individuals feel unprepared for retirement.

This study focuses on assessing the level of financial literacy among individuals, evaluating their perceptions of retirement planning, and analyzing the extent of cognitive dissonance experienced. By identifying the gaps in financial knowledge and understanding the psychological barriers that hinder effective retirement planning, the study aims to provide insights into the necessary educational and policy interventions. These interventions can help reduce cognitive dissonance, improve financial decision-making, and ultimately enhance the financial security of individuals as they approach retirement. The findings from this study are expected to contribute to a deeper understanding of the complexities involved in retirement planning and the psychological factors that influence financial behaviour.

1.1 STATEMENT OF THE PROBLEM

In recent years, the importance of sound financial planning has become increasingly apparent, particularly as individuals prepare for retirement. However, many people in Coimbatore District face challenges in understanding and implementing effective financial strategies, often due to varying levels of financial literacy. This gap in knowledge can lead to inadequate preparation for retirement, resulting in financial insecurity during the later stages of life. The complexity of financial concepts, such as investment options, tax implications, and the impact of inflation, can overwhelm individuals, making it difficult for them to make informed decisions. Additionally, the disparity in educational backgrounds further complicates the dissemination and understanding of crucial financial information.

Moreover, the perception of retirement planning significantly varies across different demographic groups, influenced by factors such as age, education, and employment status. This variation can lead to cognitive dissonance, where individuals experience discomfort due to conflicting attitudes or beliefs about their financial preparedness and actual financial behaviors. This dissonance can manifest in uncertainty and anxiety about future financial security, making it challenging for individuals to align their current financial behaviors with long-term retirement goals. Addressing these issues is crucial for empowering individuals to make better financial decisions, achieve greater confidence in their retirement planning, and reduce the overall cognitive dissonance associated with financial planning. This study seeks to explore these dynamics, aiming to provide insights into the level of financial literacy, perceptions of retirement planning, and the extent of cognitive dissonance experienced by individuals in the Coimbatore District.

1.2 OBJECTIVES OF THE STUDY

1. To assess the level of financial literacy among individuals in Coimbatore District.
2. To evaluate the perception of retirement planning within different demographic groups.
3. To analyze the level of cognitive dissonance experienced in financial and retirement planning decisions.

2. REVIEW OF LITERATURE

The literature on cognitive dissonance and its impact on financial decision-making highlights various psychological and demographic factors influencing individuals' retirement planning. Ahamed and Limbu (2024) explored the role of cognitive beliefs, financial risk tolerance, and self-efficacy in shaping retirement planning attitudes, emphasizing the moderating effect of financial resources. They found that attitudes towards retirement planning significantly mediate the relationship between cognitive factors and retirement intentions, particularly when financial resources are limited. This study underscores the need for tailored retirement strategies that consider both cognitive and financial aspects, which is particularly relevant in developing country contexts like Coimbatore District.

Similarly, Fatima (2019) and Bergh-Lindeque et al. (2021) investigated cognitive dissonance and behavioral finance biases, revealing how these psychological elements can distort investment decisions. Fatima identified factors such as age, overconfidence, and emotional biases that enhance cognitive dissonance, leading investors away from rational decision-making. Bergh-Lindeque et al. further demonstrated that these biases significantly affect individual risk tolerance and investment behavior, suggesting that even knowledgeable investors are not immune to cognitive dissonance. These findings align with the study's objective to assess financial literacy levels, as understanding these biases is crucial for making informed financial decisions.

The work of Ady et al. (2021) and Moray et al. (2019) extends the discussion to the specific context of retirement planning. Ady et al. explored cognitive dissonance and overconfidence in pension fund managers, highlighting how these behaviors can differ based on institutional settings and risk management approaches. Their study found that more conservative management practices in certain pension funds could mitigate the negative effects of cognitive dissonance. Meanwhile, Moray et al. examined the financial planning behaviors of Millennials, using demographic factors and behavioral biases to predict retirement readiness. Both studies emphasize the importance of addressing cognitive biases in financial planning, supporting the study's goal of evaluating retirement planning perceptions across different demographics.

Lastly, the historical perspective provided by Irem Metin and Selin Metin Camgoz (2011) and the recent findings by Metzger et al. (2020) illustrate the evolving understanding of cognitive dissonance in various contexts. Metin and Camgoz's review of cognitive dissonance theory highlights its relevance in explaining why individuals strive for consistency in their beliefs and actions. Metzger et al.'s research on selective exposure and news credibility offers a modern take on cognitive dissonance, suggesting that perceptions of credibility may play a more significant role than previously

thought. These insights are critical for analyzing the level of cognitive dissonance experienced in financial and retirement planning decisions, as they highlight the complexity and subtlety of the psychological mechanisms at play.

3. RESEARCH METHODOLOGY

The research methodology for this study is designed to assess the level of financial literacy, evaluate perceptions of retirement planning, and analyze cognitive dissonance among individuals in Coimbatore District. The methodology encompasses the data collection, sampling techniques, and analytical tools used to achieve the study's objectives.

3.1 RESEARCH DESIGN

The study utilizes a Descriptive Research Design, which is appropriate for systematically describing the current state of financial literacy, retirement planning perceptions, and cognitive dissonance among the target population.

3.2 SAMPLING DESIGN AND TECHNIQUE

A Non-Probability Sampling method is employed, specifically using the Convenience Sampling technique. This approach was chosen due to the accessibility and availability of respondents, allowing the researchers to gather data efficiently within the constraints of time and resources. The sampling focuses on individuals who are easily reachable and willing to participate in the study, thus ensuring the feasibility of data collection.

3.3 SAMPLE SIZE

The study comprises a sample size of 127 respondents from various demographic backgrounds in Coimbatore District.

3.4 DATA COLLECTION

Primary data is collected directly from the respondents using structured questionnaires. These questionnaires are designed to capture detailed information about respondents' financial literacy, perceptions of retirement planning, and experiences of cognitive dissonance. The primary data collection ensures that the insights are current and directly relevant to the study's objectives.

3.5 TOOLS USED

The analysis of the collected data involves several statistical tools, including Simple Percentage Analysis, Descriptive Statistics, Correlation Analysis, ANOVA (Analysis of Variance), and Multiple Linear Regression Analysis. These tools are employed to examine the relationships between variables, identify significant patterns, and draw conclusions based on the study's objectives.

4. ANALYSIS AND INTERPRETATION

Table No.1: Demographic Profile of the Respondents

Demographic Factor	Options	No. of respondents	Percent	Total Percent
Age Group	Up to 25 years	22	17.3	100.0
	26 to 35 years	28	22.0	
	36 to 45 years	42	33.1	
	Above 45 years	35	27.6	
Educational Level	School Level	24	18.9	100.0
	UG	46	36.2	
	PG	34	26.8	
	Professional Qualification	23	18.1	
Employment Status	Employed	45	35.4	100.0
	Self-employed	32	25.2	
	Retired	28	22.0	
	Others	22	17.3	

INTERPRETATION: Table No.1 reveals the demographic profile of the respondents in the study. The age group distribution shows that the largest percentage of respondents (33.1%) are aged 36 to 45 years, followed by those aged above 45 years (27.6%). The next largest group is those aged 26 to 35 years (22.0%), with the smallest group being those up to 25 years (17.3%).

In terms of educational level, the majority of respondents hold an undergraduate degree (UG) or higher, accounting for 36.2%. This is followed by those with postgraduate (PG) qualifications (26.8%), those with a school level education (18.9%), and the least being those with professional qualifications (18.1%).

Regarding employment status, the largest group of respondents are employed (35.4%), followed by self-employed individuals (25.2%), retirees (22.0%), and others (17.3%).

Table No.2: Level of Financial Literacy

Factors	Mean	Std. Deviation
Understanding of basic financial concepts	3.685	1.301
Awareness of different types of retirement accounts	3.535	1.350
Knowledge about investment options	3.520	1.326
Familiarity with tax implications on retirement savings	3.606	1.310
Understanding of the importance of savings and budgeting	3.543	1.332
Awareness of inflation and its impact on retirement	3.606	1.261
Ability to calculate retirement needs	3.575	1.300
Knowledge about government schemes for retirement	3.535	1.344
Understanding of financial risk and diversification	3.543	1.320
Awareness of estate planning	3.488	1.338
Familiarity with financial planning resources	3.575	1.306
Knowledge about healthcare costs in retirement	3.606	1.280
Awareness of the impact of lifestyle choices on financial health	3.575	1.330
Ability to understand financial statements	3.583	1.312
Confidence in making financial decisions	3.551	1.326
Average Score	3.569	1.316

INFERENCE : From the above table no.2, the descriptive statistics for the Level of Financial Literacy are ranked based on the mean scores. 'Understanding of basic financial concepts' ranked first with the highest mean score of 3.685. 'Familiarity with tax implications on retirement savings,' 'Awareness of inflation and its impact on retirement,' and 'Knowledge about healthcare costs in retirement' all ranked second with a mean score of 3.606. 'Ability to understand financial statements' ranked third with a mean score of 3.583. 'Awareness of the impact of lifestyle choices on financial health,' 'Familiarity with financial planning resources,' and 'Ability to calculate retirement needs' ranked fourth with a mean score of 3.575. 'Confidence in making financial decisions' ranked fifth with a mean score of 3.551. 'Understanding of financial risk and diversification' and 'Understanding the importance of savings and budgeting' ranked sixth with a mean score of 3.543. 'Awareness of different types of retirement accounts' and 'Knowledge about government schemes for retirement' ranked seventh with a mean score of 3.535. 'Knowledge about investment options' ranked eighth with a mean score of 3.520, and finally, 'Awareness of estate planning' ranked ninth with a mean score of 3.488.

Table No.3: Perception of Retirement Planning

Factors	Mean	Std. Deviation
Importance of starting retirement planning early	3.528	1.379
Perception of the adequacy of current retirement savings	3.614	1.322
Belief in the need for professional financial advice	3.551	1.308
Perception of the complexity of retirement planning	3.512	1.327
Belief in the necessity of a diverse investment portfolio	3.551	1.295
Perception of the role of continuous financial education	3.543	1.350

Concern about future financial security	3.575	1.342
Attitude towards taking financial risks for better returns	3.598	1.317
Perception of the reliability of government pension schemes	3.559	1.337
Importance of setting financial goals for retirement	3.575	1.288
Perception of the role of family in retirement planning	3.559	1.283
Confidence in the ability to achieve retirement goals	3.504	1.368
View on the importance of healthcare planning in retirement	3.567	1.349
Attitude towards the impact of economic conditions on retirement plans	3.543	1.308
Perception of the adequacy of current financial knowledge for retirement planning	3.520	1.332
Average Score	3.553	1.327

INFERENCE: From table no.3, the descriptive statistics for the Perception of Retirement Planning are ranked as follows: 'Perception of the adequacy of current retirement savings' ranked first with a mean score of 3.614, followed by 'Attitude towards taking financial risks for better returns' in second with 3.598. 'Concern about future financial security' and 'Importance of setting financial goals for retirement' both ranked third with a score of 3.575. 'View on the importance of healthcare planning in retirement' ranked fourth at 3.567, while 'Perception of the role of family in retirement planning' and 'Perception of the reliability of government pension schemes' tied for fifth at 3.559. 'Belief in the need for professional financial advice' and 'Belief in the necessity of a diverse investment portfolio' shared the sixth spot with 3.551. 'Perception of the role of continuous financial education' and 'Attitude towards the impact of economic conditions on retirement plans' both ranked seventh at 3.543. 'Importance of starting retirement planning early' came eighth with 3.528, followed by 'Perception of the adequacy of current financial knowledge for retirement planning' in ninth at 3.520. 'Perception of the complexity of retirement planning' ranked tenth with a mean score of 3.512, and 'Confidence in the ability to achieve retirement goals' ranked eleventh with 3.504.

Table No.4 : Level of Cognitive Dissonance

Factors	Mean	Std. Deviation
Feeling of discomfort when thinking about retirement finances	3.583	1.318
Perception of conflicting information regarding retirement planning	3.575	1.324
Difficulty in aligning current lifestyle with future financial goals	3.622	1.291
Anxiety about making the right financial decisions for retirement	3.567	1.331
Confusion over different financial products for retirement	3.567	1.331
Uncertainty about the sufficiency of retirement savings	3.488	1.350
Stress related to potential financial shortfalls in retirement	3.591	1.275
Feelings of regret over past financial decisions	3.535	1.338
Tension between spending habits and saving goals	3.559	1.331
Discomfort with the idea of relying solely on pension schemes	3.567	1.331
Conflict between desire for a comfortable retirement and current financial behavior	3.598	1.311
Worry about unexpected financial needs in retirement	3.591	1.317
Uncertainty about the accuracy of financial advice received	3.591	1.311
Fear of outliving retirement savings	3.528	1.356
Inconsistency between retirement goals and current financial planning efforts	3.528	1.314
Average Score	3.566	1.322

INFERENCE : From table no.4, the descriptive statistics for the Level of Cognitive Dissonance show that 'Difficulty in aligning current lifestyle with future financial goals' ranked first with the highest mean score of 3.622. 'Conflict between desire for a comfortable retirement and current financial behavior' ranked second with a mean score of 3.598. 'Worry about unexpected financial needs in retirement,' 'Uncertainty about the accuracy of financial advice received,' and 'Stress related

to potential financial shortfalls in retirement' all ranked third with a mean score of 3.591. 'Feeling of discomfort when thinking about retirement finances' ranked fourth at 3.583, followed by 'Perception of conflicting information regarding retirement planning' in fifth with 3.575. 'Anxiety about making the right financial decisions for retirement,' 'Confusion over different financial products for retirement,' and 'Discomfort with the idea of relying solely on pension schemes' all ranked sixth with 3.567. 'Tension between spending habits and saving goals' ranked seventh with 3.559, 'Feelings of regret over past financial decisions' ranked eighth with 3.535, while 'Fear of outliving retirement savings' and 'Inconsistency between retirement goals and current financial planning efforts' both ranked ninth with 3.528. Finally, 'Uncertainty about the sufficiency of retirement savings' ranked tenth with a mean score of 3.488.

Hypothesis No.: 1

Null Hypothesis (H₀): There is no significant association between the age group and the dynamics of Retirement Financial Awareness

Alternative Hypothesis (H_a): There is a significant association between the age group and the dynamics of Retirement Financial Awareness

Table No.5: ANOVA analysis between the age group and the dynamics of Retirement Financial Awareness

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Level of Financial Literacy	Between Groups	495.456	3	165.152	1.950	.125
	Within Groups	10418.198	123	84.701		
	Total	10913.654	126			
Perception of Retirement Planning	Between Groups	124.550	3	41.517	.387	.762
	Within Groups	13190.080	123	107.236		
	Total	13314.630	126			
Level of Cognitive Dissonance	Between Groups	224.091	3	74.697	.669	.572
	Within Groups	13727.642	123	111.607		
	Total	13951.732	126			

INFERENCE: Table No. 5 shows the ANOVA analysis results, indicating no significant association between the age group and the dynamics of Retirement Financial Awareness across the examined dimensions. Specifically, the Level of Financial Literacy ($F = 1.950$, $p = .125$), Perception of Retirement Planning ($F = .387$, $p = .762$), and Level of Cognitive Dissonance ($F = .669$, $p = .572$) all fail to reach significance. These findings support the Null Hypothesis (H₀), suggesting that different age groups do not show distinct differences in their Retirement Financial Awareness.

Hypothesis No.: 2

Null Hypothesis (H₀): There is no significant association between the educational level and the dynamics of Retirement Financial Awareness

Alternative Hypothesis (H_a): There is a significant association between the educational level and the dynamics of Retirement Financial Awareness

Table No.6: ANOVA analysis between the educational level and the dynamics of Retirement Financial Awareness

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Level of Financial Literacy	Between Groups	264.188	3	88.063	1.017	.388
	Within Groups	10649.466	123	86.581		
	Total	10913.654	126			
Perception of Retirement Planning	Between Groups	1278.732	3	426.244	4.356	.006
	Within Groups	12035.898	123	97.853		
	Total	13314.630	126			
	Between Groups	895.586	3	298.529	2.812	.042

Level of Cognitive Dissonance	Within Groups	13056.147	123	106.148		
	Total	13951.732	126			

INFERENCE : Table No. 6 presents the ANOVA analysis, revealing significant associations between educational level and the dynamics of Retirement Financial Awareness, thereby supporting the Alternative Hypothesis (H_a). Specifically, the analysis shows no significant association in the Level of Financial Literacy ($F = 1.017$, $p = .388$). However, significant associations are observed in the Perception of Retirement Planning ($F = 4.356$, $p = .006$) and the Level of Cognitive Dissonance ($F = 2.812$, $p = .042$). These findings indicate that educational level significantly influences how individuals perceive and approach retirement planning, highlighting differences in financial awareness and cognitive responses across varying educational backgrounds.

Hypothesis No.: 3

Null Hypothesis (H_0): There is no significant association between the employment status and the dynamics of Retirement Financial Awareness

Alternative Hypothesis (H_a): There is a significant association between the employment status and the dynamics of Retirement Financial Awareness

Table No.7: ANOVA analysis between the employment status and the dynamics of Retirement Financial Awareness

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Level of Financial Literacy	Between Groups	1306.216	3	435.405	5.574	.001
	Within Groups	9607.438	123	78.109		
	Total	10913.654	126			
Perception of Retirement Planning	Between Groups	1984.624	3	661.541	7.182	.000
	Within Groups	11330.006	123	92.114		
	Total	13314.630	126			
Level of Cognitive Dissonance	Between Groups	2003.133	3	667.711	6.873	.000
	Within Groups	11948.599	123	97.143		
	Total	13951.732	126			

INFERENCE: Table No. 7 shows the ANOVA analysis results, indicating a significant association between employment status and the dynamics of Retirement Financial Awareness, supporting the Alternative Hypothesis (H_a). Specifically, the analysis reveals significant associations across all dimensions: ‘Level of Financial Literacy’ ($F = 5.574$, $p = .001$), ‘Perception of Retirement Planning’ ($F = 7.182$, $p = .000$), and ‘Level of Cognitive Dissonance’ ($F = 6.873$, $p = .000$). These findings suggest that employment status significantly impacts how individuals perceive and manage their financial planning for retirement, including their understanding of financial concepts, planning perceptions, and cognitive dissonance levels.

Hypothesis No.: 4

Null Hypothesis (H_0): There is no significant correlation between the dynamics of Retirement Financial Awareness

Alternative Hypothesis (H_a): There is a significant correlation between the dynamics of Retirement Financial Awareness

Table No.8: Correlation analysis between the dynamics of Retirement Financial Awareness

Correlations				
		Level of Financial Literacy	Perception of Retirement Planning	Level of Cognitive Dissonance
Level of Financial Literacy	Pearson Correlation	1	.751**	.775**
	Sig. (2-tailed)		.000	.000
	N	127	127	127

Perception of Retirement Planning	Pearson Correlation	.751**	1	.826**
	Sig. (2-tailed)	.000		.000
	N	127	127	127
Level of Cognitive Dissonance	Pearson Correlation	.775**	.826**	1
	Sig. (2-tailed)	.000	.000	
	N	127	127	127

**., Correlation is significant at the 0.01 level (2-tailed).

INFERENCE : Table No. 8 shows the correlation analysis results, indicating significant correlations between the dynamics of Retirement Financial Awareness. The Pearson correlation between the ‘Level of Financial Literacy’ and ‘Perception of Retirement Planning’ is .751, and between ‘Level of Financial Literacy’ and ‘Level of Cognitive Dissonance’ is .775, both significant at the .000 level. Additionally, the correlation between ‘Perception of Retirement Planning’ and ‘Level of Cognitive Dissonance’ is .826, also significant at the .000 level. These findings support the Alternative Hypothesis (H_a), indicating strong positive correlations among the different aspects of Retirement Financial Awareness, suggesting they are interrelated and influence each other significantly.

Hypothesis No.: 5

Null Hypothesis (H_0): There is no significant linear relationship between Financial Literacy, Retirement Planning Perception, and Cognitive Dissonance levels

Alternative Hypothesis (H_a): There is a significant linear relationship between Financial Literacy, Retirement Planning Perception, and Cognitive Dissonance levels

Table No.9: Model Summary and ANOVA analysis between significant linear relationship between Financial Literacy, Retirement Planning Perception, and Cognitive Dissonance levels

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.859 ^a	.738	.733	5.43279	.738	174.348	2	124	.000	2.010
a. Predictors: (Constant), Perception of Retirement Planning, Level of Financial Literacy										
b. Dependent Variable: Level of Cognitive Dissonance										
ANOVA ^a										
Model			Sum of Squares		df		Mean Square		F	Sig.
1	Regression		10291.844		2		5145.922		174.348	.000 ^b
	Residual		3659.888		124		29.515			
	Total		13951.732		126					
a. Dependent Variable: Level of Cognitive Dissonance										
b. Predictors: (Constant), Perception of Retirement Planning, Level of Financial Literacy										

INFERENCE: Table No. 9 indicates a significant linear relationship between Financial Literacy, Retirement Planning Perception, and Cognitive Dissonance levels. The model summary shows an R square of .738, suggesting that these factors together explain approximately 73.8% of the variance in Cognitive Dissonance levels. The ANOVA results further support this with an F value of 174.348 and a highly significant p-value of .000. These findings affirm the Alternative Hypothesis (H_a), highlighting the substantial influence of financial literacy and retirement planning perception on cognitive dissonance.

Table No.10: Coefficients between Financial Literacy, Retirement Planning Perception, and Cognitive Dissonance levels

Coefficients ^a				
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.

		B	Std. Error	Beta		
1	(Constant)	1.460	2.896		.504	.615
	Level of Financial Literacy	.402	.079	.355	5.103	.000
	Perception of Retirement Planning	.573	.071	.560	8.041	.000

a. Dependent Variable: Level of Cognitive Dissonance

INFERENCE: Table No. 10 shows the coefficients analysis, indicating that both Financial Literacy and Perception of Retirement Planning significantly contribute to Cognitive Dissonance levels. The coefficient for Financial Literacy is .402 with a t-value of 5.103 and a p-value of .000, while the coefficient for Perception of Retirement Planning is .573 with a t-value of 8.041 and a p-value of .000. These results highlight that both financial literacy and retirement planning perception are crucial factors influencing cognitive dissonance, underlining their significant roles in shaping individuals' financial awareness and decision-making processes.

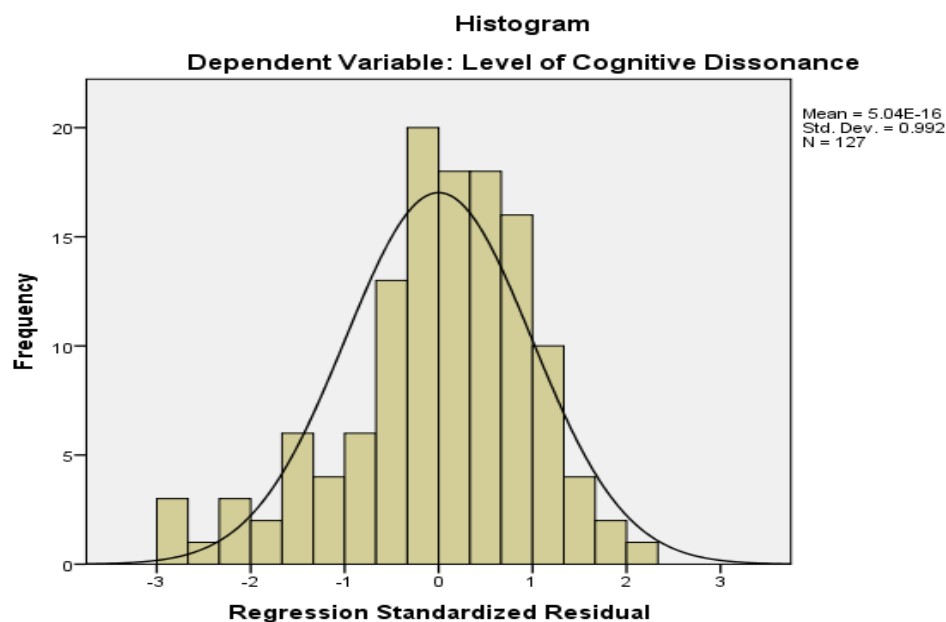
Table No.11: Residuals Statistics between Financial Literacy, Retirement Planning Perception, and Cognitive Dissonance levels

Residuals Statistics ^a					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	36.4805	73.7393	53.4882	9.03777	127
Residual	-15.07722	11.68268	.00000	5.38950	127
Std. Predicted Value	-1.882	2.241	.000	1.000	127
Std. Residual	-2.775	2.150	.000	.992	127

a. Dependent Variable: Level of Cognitive Dissonance

INFERENCE: Table No. 11 residuals statistics indicate that the model's predicted values range from 36.48 to 73.74, with a mean of 53.49 and a standard deviation of 9.04, suggesting consistent estimations across the dataset. The residuals, representing the differences between observed and predicted values, range from -15.08 to 11.68 with a mean of 0 and a standard deviation of 5.39. This centered mean and the normal distribution of residuals around zero imply that the model fits the data well, with no significant systematic errors.

Chart No.1 Histogram between Financial Literacy, Retirement Planning Perception, and Cognitive Dissonance levels



5. FINDINGS OF THE STUDY

1. Understanding of basic financial concepts scored highest in financial literacy with a mean of 3.685.
2. Familiarity with tax implications, inflation awareness, and healthcare costs in retirement all scored 3.606.
3. Ability to understand financial statements had a mean score of 3.583.
4. Awareness of lifestyle impacts, financial planning resources, and retirement needs scored 3.575.
5. Confidence in financial decisions scored 3.551.
6. Financial risk understanding and savings importance both scored 3.543.
7. Awareness of retirement accounts and government schemes scored 3.535.
8. Knowledge about investment options had a mean score of 3.520.
9. Awareness of estate planning scored lowest at 3.488.
10. Perception of adequacy in current retirement savings had the highest score of 3.614.
11. Attitude towards financial risks scored 3.598.
12. Concern for future security and setting retirement goals both scored 3.575.
13. Difficulty aligning lifestyle with financial goals ranked highest in cognitive dissonance at 3.622.
14. No significant differences were found in Retirement Financial Awareness across age groups.
15. Significant associations were found between educational level and retirement planning perceptions, indicating differences in financial awareness and cognitive responses.

5.1 SUGGESTIONS

Based on the findings of the study on Cognitive Dissonance and Retirement Planning in the Coimbatore District, several key suggestions emerge. Firstly, enhancing financial literacy, particularly in understanding basic financial concepts and the implications of taxes, inflation, and healthcare costs, is crucial. Educational programs and workshops focusing on these areas can help individuals better navigate financial decisions. Additionally, there should be an emphasis on improving knowledge about investment options and estate planning, as these scored lower in the study. Tailored educational resources could address these specific gaps, providing more comprehensive financial education that covers the full spectrum of retirement planning needs.

Secondly, given the significant role of educational level in shaping retirement planning perceptions, targeted interventions should be designed to cater to different educational backgrounds. This could include simplified materials for those with lower educational attainment and more advanced strategies for those with higher education levels. Moreover, increasing awareness of government schemes and promoting confidence in financial decision-making are essential steps. Community outreach programs, financial counseling, and personalized planning sessions could bridge the gap between awareness and action, ensuring that all demographic groups are well-equipped to manage their financial futures. These initiatives should also address the cognitive dissonance identified in aligning current lifestyles with future financial goals, helping individuals to reconcile these aspects through practical planning and support.

5.2 CONCLUSION

The study on Cognitive Dissonance, Retirement Planning, and Financial Preparedness in Coimbatore District revealed crucial insights into the financial literacy, retirement planning perceptions, and cognitive dissonance levels among individuals. The findings highlighted that while there is a reasonable understanding of basic financial concepts, areas such as estate planning and investment options require further attention. The perception of the adequacy of current retirement savings varied significantly, indicating diverse attitudes towards financial risk and future security. Notably, cognitive dissonance was most pronounced in individuals struggling to align their current lifestyles with their financial goals, demonstrating a critical area for intervention.

To address these challenges, the study suggests enhancing financial literacy through targeted educational programs that cover fundamental concepts and more complex topics like tax implications, inflation, and healthcare costs in retirement. Additionally, specialized resources should be developed to cater to varying educational backgrounds, ensuring accessible and comprehensive financial education. Increasing awareness of government schemes and improving confidence in financial decision-making are also vital. Community outreach and personalized financial counseling can bridge gaps in knowledge and planning, particularly in reducing cognitive dissonance related to lifestyle and financial goals. These measures will empower individuals across all demographic groups to make informed decisions and achieve greater financial stability in their retirement planning.

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