

Impact of Financial Literacy on Retirement Planning of the Private Sector Employees in Colombo District

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ABSTRACT

Introduction- Individuals set of knowledge and skill to take effective decisions to go through with their financial resources known as Financial Literacy. Individuals should have their own financial literacy knowledge when they are planning to retire. So, this research identifies the practice of financial literacy on retirement planning of the private sector employees in Colombo district.

Design/Methodology/Approach – The data collection was conducted through a standardized questionnaire distributed to private sector employees in the Colombo district. The study follows the stratified random sampling method to collect data, and 150 sample was collected. Descriptive Statistics, Cronbach's alpha, Regression analysis, and Pearson Correlation were used for data analysis.

Findings - It was found that there was a significant impact on financial instruments and computation capability on retirement planning although knowledge of financial concepts may not have impact on retirement planning. Therefore, following theories were approved, although one of the three hypotheses in the analysis was refused.

Conclusion - The study fulfills the existing research gap in the area of Financial Literacy levels of the private sector employees in Colombo district, Sri Lanka. These findings will help for future studies relating to Financial Literacy levels of other districts in Sri Lanka.

Keywords: *Financial Instruments, Financial Concepts, Computation Capability, Retirement Planning, Financial Literacy*