

**A STUDY OF PERSONAL FINANCIAL PLANNING
AMONG YOUNG ADULTS**

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UNIVERSITI UTARA MALAYSIA

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A STUDY OF PERSONAL FINANCIAL PLANNING AMONG YOUNG ADULTS

**A project report submitted to the College of Business in partial fulfillment of Master in
Science Management University Utara Malaysia**

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ABSTRACT

The purpose of this study is to gauge the level of understanding on financial education and the importance of financial planning among young adults. For the purpose of this study five items under financial planning were being examined which are saving management, credit management, insurance planning, investment planning and retirement planning. Data were collected through questionnaires distributed among young adults. Results showed that the majority level of understanding on financial education is low. The highest knowledge level is only average. Further result showed that, majority of the young adults cannot differentiate the importance of financial planning under the 4 categories of financial planning except for retirement planning. This is proven via answers given in the retirement planning category. Last but not least, the results also showed that demographic profile such as gender, age, marital status, number of dependents, education level, working sector and monthly income is the secondary influence in determining the level of importance in financial planning.

ABSTRAK

Tujuan penyelidikan ini adalah untuk mengenalpasti tahap pemahaman serta kepentingan perancangan kewangan dikalangan dewasa muda. Bagi tujuan ini, lima perkara dibawah perancangan kewangan adalah dipertimbangkan iaitu, pengurusan simpanan, pengurusan hutang, perancangan insuran, perancangan pelaburan dan perancangan persaraan. Pengumpulan data dibuat melalui kajiselidik yang telah di edarkan kepada golongan dewasa muda. Keputusan penyelidikan menunjukkan kebanyakan golongan dewasa muda mempunyai tahap pendidikan kewangan yang rendah. Tahap tertinggi yang diperolehi hanya pada tahap sederhana. Keputusan seterusnya menunjukkan golongan ini tidak dapat membezakan kepentingan didalam perancangan kewangan bagi 4 kategori didalam perancangan kewangan kecuali perancangan persaraan. Ini terbukti melalui jawapan yang diberikan untuk kategori perancangan persaraan. Seterusnya, keputusan juga menunjukkan bahawa profil demografi seperti jantina, usia, status perkahwinan, bilangan anak, tahap pendidikan, sektor pekerjaan dan pendapatan bulanan merupakan pengaruh sampingan didalam menentukan tahap kepentingan didalam perancangan kewangan.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

Financial plan is a series of steps which are carried out, or goals that are accomplished, which relate to an individual's or a business's financial affairs. This often includes a budget which organizes an individual's finances and sometimes includes a series of steps or specific goals for spending and saving future income. This plan allocates future income to various types of expenses, such as rent or utilities, and also reserves some income for short-term and long-term savings. A financial plan sometimes refers to an investment plan, which allocates savings to various assets or projects expected to produce future income, such as a new business or product line, shares in an existing business, or real estate.

Individuals are responsible for their own financial security after retirement. Today, workers' debt is increasing faster than inflation. With the declining employment opportunities, income instability and eroded purchasing power of Malaysian households, workers have to decide not only how much to save for retirement but also how to allocate their pension wealth. Saving is extensively regarded as a key factor for promoting long-run economic growth (Aghion, Braun & Fedderke., 2006). As stated by Prawitz *et al.* (2006), millions people struggle financially, and many of those near retirement lack the funds needed for a comfortable life. Nowadays economically life is tougher, workers face higher food prices, energy costs, and health care expenses. Deficient emergency savings increased anxiety among moderate and low-income households (Cho, 2009). The personal saving rate has declined over time, and consumers expressed concerned about the adequacy of their savings. The Pew Research Center (2007)

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