
“ROLE OF FINANCIAL PLANNING IN LONG-TERM WEALTH CREATION”

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ABSTRACT

Effective financial planning acts as a base for attaining long-term financial security and stability, wealth accumulation. It enables individuals to systematically organize their income, expenditures, savings, along with investment activities in alignment with their life goals. In a progressively evolving context, uncertain economic environment, structured financial planning helps mitigate risks, improve financial decision-making, and ensure future security.

This research explores how financial planning contributes to wealth generation and highlights the factors that help in its development. behavioral and economic factors influencing individuals' financial decisions. Primary information was gathered via a structured questionnaire administered to respondents.

The results indicate that individuals who actively engage in financial planning demonstrate stronger saving habits, better financial discipline, and improved investment outcomes. However, limited financial literacy, risk aversion, and lack of long-term perspective continue to act as significant constraints.

KEYWORDS: Financial Planning, Wealth Creation, Investment, Savings, Risk Management.

INTRODUCTION

Financial planning refers to a organized method by which individuals manage their financial resources to accomplish both short-term and long-term objectives. It includes activities

including managing budgets, building savings, making investments, and planning for insurance needs and tax management.

In today's rapidly changing economic landscape, individuals face multiple financial challenges, including inflationary pressures, fluctuating markets, and evolving lifestyle expectations. These complexities have increased the significance of planned financial decision-making.

Wealth creation is not merely dependent on income generation; rather, it depends on how effectively income is managed, allocated, and invested over time. A disciplined financial plan allows individuals to optimize returns while controlling financial risks.

In India, growing access to financial products and increased awareness have encouraged individuals to participate in financial markets. Despite this progress, a large section of the population still lacks a structured approach to financial planning, which often results in suboptimal financial outcomes.

This study attempts to examine how the two variables are related between financial planning practices and long-term wealth creation, with a focus on individual behavior and awareness levels.

Financial planning has become an important factor component of personal financial management in the modern economic environment. It refers to a structured and an ongoing process by which individuals assess their current financial position, set future financial goals, and create strategies to accomplish those goals effectively. This process typically includes planning budgets, building savings, and allocating funds for investments, insurance planning, tax management, and retirement planning.

LITERATURE REVIEW

A substantial body of literature highlights the significance of financial planning as an important factor influencing long-term wealth creation. Researchers and financial experts have consistently emphasized that disciplined financial behavior, informed decision-making, and early planning significantly influence an individual's financial well-being.

Early contributions by **Benjamin Graham (1949)** established the foundation of modern investment philosophy by advocating value investing and long-term discipline. His work emphasizes minimizing risk while focusing on sustainable returns, which aligns closely with the principles of financial planning. Similarly, **Robert Kiyosaki (1997)** stressed the significance of financial literacy and asset accumulation, arguing that individuals must focus on acquiring income-generating assets to build wealth over time.

Empirical studies have further reinforced the connection between financial knowledge and financial outcomes. **Lusardi and Mitchell (2014)** found that individuals possessing greater financial literacy tend to be more likely to engage in retirement planning, saving, and informed investment decisions. Their study highlights that lack of financial knowledge often leads to poor financial choices and inadequate wealth accumulation.

In another study, **Agarwal et al. (2015)** examined financial behavior among various age groups and concluded that individuals who begin financial planning at an early stage tend to benefit from compounding and make better long-term investment decisions. This result highlights the significance of early financial awareness and systematic saving habits.

Research in developing economies has also highlighted major challenges in financial planning adoption. **Sinha (2017)** observed that limited financial awareness, low income levels, and lack of access to financial advisory services act as major barriers to effective financial planning. The study indicates that enhancing financial education can significantly improve individuals' ability for managing finances efficiently.

Recent research has concentrated on behavioral aspects of financial planning. **Goyal and Kumar (2021)** found that individuals who follow structured financial planning practices tend to achieve higher financial stability and are more prepared for future are better equipped to handle future uncertainties. Their research also highlights the influence of risk perception and psychological factors in shaping investment decisions.

Furthermore, research suggests that individuals often prefer safe and traditional investment avenues such as bank deposits and fixed-income instruments, especially in emerging economies. This conservative approach, while reducing risk, may limit the potential for higher returns and long-term wealth growth. Lack of diversification and short-term investment orientation are common patterns seen among individuals with limited financial knowledge.

Overall, existing studies clearly show that financial planning plays an important role in wealth creation. However, gaps continue to be in terms of awareness, behavioral biases, and adoption of diversified investment strategies. These findings provide a strong foundation for the present study, which seeks to analyze financial planning behavior and its effect on wealth creation among individuals .

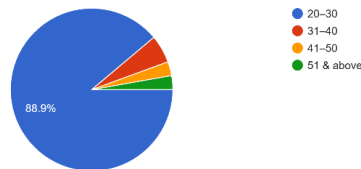
OBJECTIVES OF THE STUDY

1. To examine the importance of financial planning in wealth creation .
2. To analyze individual financial behavior and planning practices

3. To determine the key factors affecting investment decisions.
4. To examine the association between financial planning and long-term wealth
5. To assess challenges faced in the area of financial planning.

DATA ANALYSIS AND INTERPRETATION

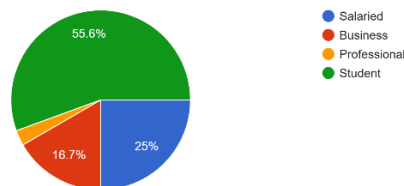
1. What is your age group ?
36 responses



Interpretation:

The above figure presents the respondents distribution across different age groups included in the study, on the basis of a total sample size of 36 individuals. A significant majority of participants, accounting for **88.9%**, are within the range of **20-30 years** age category. It clearly indicates that the dataset is heavily largely comprised of young participants, likely representing students or early-stage professionals.

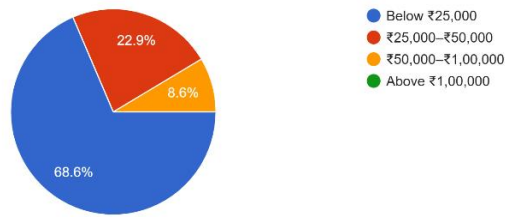
2. What is your occupation ?
36 responses



Interpretation:

The chart shows that a most respondents (55.6%) are students, making the most dominant group within the sample. Salaried individuals account for 25%, while those involved in business represent 16.7%. Professionals form only a minor proportion of the respondents. This distribution indicates that the study is largely influenced by student perspectives, with comparatively lower representation from working and business populations.

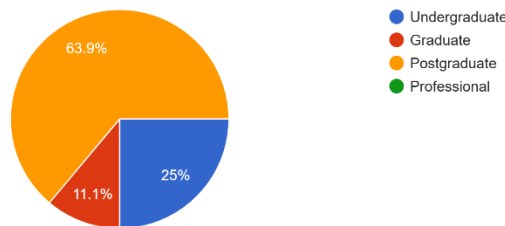
3. What is your monthly income level ?
35 responses



Interpretation:

The chart reveals that a portion of respondents majority of respondents (68.6%) earn below ₹25,000 per month, indicating a low-income concentration in the sample. About 22.9% fall within the ₹25,000–₹50,000 range, while only 8.6% earn between ₹50,000 and ₹1,00,000. No respondents are reported in the above ₹1,00,000 category. This indicates that the study largely reflects the views of individuals who possess lower income levels.

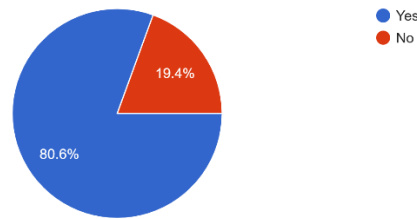
4. What is your highest educational qualification ?
36 responses



Interpretation:

The chart shows that the majority of respondents (63.9%) hold a postgraduate qualification, making it the dominant category. Undergraduate respondents account for 25%, while graduates represent 11.1%. There are no participants with professional qualifications. This distribution suggests that the study is primarily influenced by individuals with higher educational attainment.

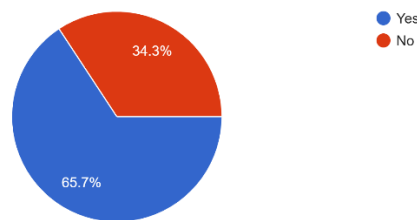
5. Do you follow a monthly budget ?
36 responses



Interpretation:

The empirical evidence suggests a high degree of financial literacy and self-regulation among the participants. A significant majority, comprising 80.6% of the sample, indicated that they actively maintain a monthly budget. Conversely, a minority of 19.4% reported an absence of formal budgetary constraints in their monthly spending habits.

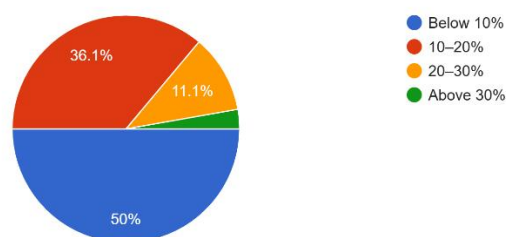
6. Do you save a fixed percentage of your income regularly ?
35 responses



Interpretation:

The quantitative results indicate that approximately **two-thirds (65.7%)** of the respondents practice systematic savings. This suggests a strong presence of financial foresight within the sample group. Conversely, **34.3%** of the participants do not commit to a fixed savings percentage, indicating a more fluctuating or reactive approach to capital accumulation.

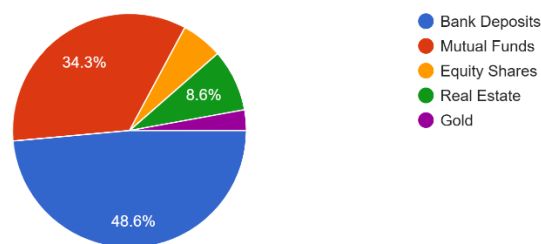
7. What percentage of your income do you save ?
36 responses



Interpretation:

The distribution of savings reveals a **heavy skew toward the lower quintiles**. Exactly **half of the respondents (50%)** allocate less than 10% of their earnings to savings, representing the largest segment of the sample. The second-largest group, accounting for **36.1%**, maintains a moderate savings rate between 10% and 20%. Notably, as the savings threshold increases, participation drops significantly; only **11.1%** save between 20% and 30%, and a marginal outlier group saves more than 30%.

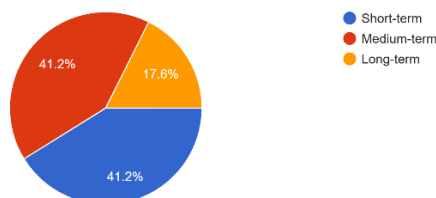
8. Where do you primarily invest ?
35 responses



Interpretation:

The investment landscape among the respondents, the pattern is largely dominated by **traditional and low-risk instruments**. Nearly fifty percent of the participants (**48.6%**) prioritize **Bank Deposits** as their main source or primary option investment vehicle. The second most prevalent choice is **Mutual Funds**, favored by **34.3%** of the group. Physical assets and direct market participation remain marginal, with **Real Estate** at **8.6%** and direct **Equity Shares** and **Gold** making up the remainder of the portfolio.

9. What is your investment horizon ?
34 responses

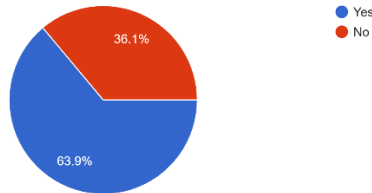


Interpretation:

The findings reveal a balanced split between **short-term** and **medium-term** outlooks, with each category accounting for **41.2%** of the respondents. Combined, a vast majority of **82.4%**

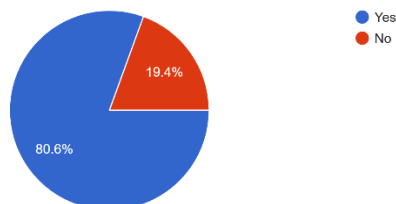
of the sample maintains an investment a time frame that does not go beyond into the long-term category. Only a small segment, representing **17.6%**, reported a commitment to long-term investment strategies.

10 . Do you invest through SIP (Systematic Investment Plan) ?
36 responses



Interpretation: A clear most of the respondents participants, representing 63.9%, have integrated Systematic Investment Plans into their financial strategy. In contrast, 36.1% of respondents do not necessarily utilize the SIP route for their capital allocation. This indicates a significant inclination toward automated financial commitment among the majority of the cohort.

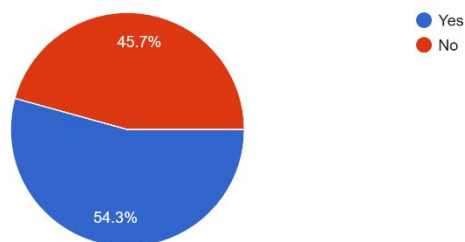
11 . Are you aware of the concept of financial planning ?
36 responses



Interpretation:

The survey data indicates a robust level of theoretical literacy within the sample. **80.6%** of the respondents confirmed that they are familiar with the principles of financial planning. Conversely, a minority of **19.4%** acknowledged an absence of conceptual clarity regarding this financial discipline.

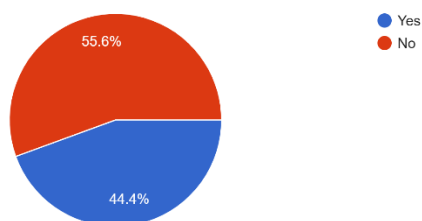
12 . Do you have a written financial plan ?
35 responses



Interpretation:

The quantitative findings reveal a narrow majority; **54.3%** of the respondents possess a written financial roadmap. Conversely, a substantial segment of the sample (**45.7%**) operates without any formalized financial documentation. While more than half the group has taken the step to document their goals, the difference between individuals who are "aware" of financial planning (80.6%) and those who possess "written" a plan (54.3%) is significant.

13 . Do you consult a financial advisor ?
36 responses



Interpretation:

The findings indicate a lean toward independent financial management, with a majority of **55.6%** opting not to consult a professional financial advisor. Conversely, **44.4%** of the participants actively engage with advisory services to navigate their investment and planning decisions.

Research Methodology Research Design

Component	Description
Research Design	A descriptive research approach was adopted to analyze the role of financial planning in long-term wealth creation and individuals’ financial behavior.
Data Collection	The study utilized both primary and secondary data sources.

Component	Description
Primary Data	Primary data were gathered using structured questionnaires focusing on saving habits, investment patterns, and financial planning practices.
Secondary Data	Secondary data were obtained from research journals, financial reports, websites, books, and articles related towards financial planning and wealth accumulation creation.
Sample Size	The research sample consisted of 100 participants drawn from different age groups in Pune city.
Sampling Method	A convenience sampling approach was employed to choose participants for the study.
Data Analysis Tools	The data were evaluated using percentage analysis, charts, along with visual charts to aid interpretation financial behavior and planning patterns.

Data Analysis and Interpretation :

Factor	Percentage / Response
Monthly income level	Below ₹25,000 , 68.6%
Follow a monthly budget	Yes , 80.6%
Save a fixed percentage of your income regularly	Yes , 65.7%
Primarily invest	Bank Deposits , 48.6%
Investment horizon	Short-term , Medium term both 41.2 %

1. Demographic Income Profile

The preliminary phase of the quantitative analysis established the economic baseline of the survey participants. A significant concentration of the sample group, specifically **68.6%**, reported a monthly income threshold of **below ₹25,000**. This demographic skew suggests that the following insights on budgeting and investment are reflective of individuals during the initial phases of their professional careers or those operating within strict liquidity constraints.

2. Patterns of Fiscal Discipline and Budgetary Adherence

The study evaluated the widespread presence of formal financial monitoring among respondents. Empirical evidence suggests a substantial level of self-regulation, with **80.6%** of participants affirming the utilization of a monthly budget.

Analytical Insight: The high rate of budgetary adoption (80.6%) suggests a strong cognitive awareness of expense management. However, when contrasted with the income levels noted in Section 4.1, it implies that budgeting is utilized more as a survival mechanism for fund allocation instead of a high-level wealth-building strategy.

3. Systematic Savings Behavior

Beyond simple budgeting, the research measured the consistency of capital preservation. **65.7%** of the cohort reported saving a fixed percentage of their earnings on a regular basis. When examining the specific quantum of these savings, a heavy skew toward the lower quintiles is evident:

- **Marginal Propensity to Save (MPS):** Exactly **50%** of the sample allocates less than **10%** of their monthly income to savings.
- **Moderate Savers:** Approximately **36.1%** maintain a savings ratio between **10% and 20%**.
- **High-Volume Savers:** Participation drops significantly in the higher brackets, with only a marginal segment exceeding a **20%** savings rate.

4. Investment Vehicles and Asset Allocation

The research further identified the preferred instruments for wealth accumulation. The data reveals a distinctive **preference for liquidity and capital safety:**

- **Traditional Banking:** A plurality of **48.6%** gravitates toward **Bank Deposits**, underscoring a conservative risk appetite.
- **Market Participation:** Mutual Funds represent the second most utilized vehicle at **34.3%**, indicating a growing trust in professional fund management over direct equity participation.

5. Temporal Orientation of Investments

The "Investment Horizon" metric provides critical insight into the participants' financial psychology. The findings show an identical split (**41.2% each**) between **short-term** and **medium-term** outlooks.

This **temporal orientation** suggests a "liquidity-first" approach. Only a small minority maintains a long-term perspective, which correlates with the high usage of bank deposits and the primary income levels. For this demographic, investments appear to be short-term buffers rather than long-term retirement or wealth-compounding instruments.

Findings of the Study

1. Predominance of Low-Income Respondents

A large proportion of respondents (68.6%) fall within the monthly income bracket of below ₹25,000.

Finding: This demonstrates that the sample largely consists among students and individuals at the beginning of their careers individuals with limited earning capacity. As a result, their financial planning decisions are primarily focused on managing short-term financial requirements instead of long-term goals wealth accumulation.

2. High Adoption of Budgeting Practices

A significant majority (80.6%) of respondents follow a structured monthly budget.

Finding: This reflects a strong level of financial discipline and awareness regarding expense management. Budgeting appears to be the most commonly adopted financial planning practice among respondents, forming the foundation of their financial behavior.

3. Consistent but Limited Saving Capacity

Approximately 65.7% of respondents regularly save a fixed portion of their income.

Finding: While this demonstrates a positive saving habit, the comparatively modest income levels restrict the overall volume of savings. This restricts the ability of individuals to make substantial investments and achieve higher wealth growth.

4. Strong Preference for Low-Risk Investment Options

Nearly 48.6% of respondents prefer bank deposits as their primary investment avenue.

Finding: This reflects a strong degree of risk aversion among individuals. Safety and capital protection are prioritized over higher returns, leading to conservative investment behavior.

5. Limited Long-Term Investment Orientation

Around 41.2% of respondents prefer short-term and medium-term investment horizons.

Finding: There is a noticeable lack of focus on long-term investments, which are essential for wealth creation through compounding. This short-term orientation may hinder the capacity to generate significant financial growth over time.

6. Gap Between Financial knowledge and Investment Action

Although respondents actively practice budgeting and saving, their investment decisions remain limited and conservative.

Finding: This indicates that financial knowledge exists at a basic level but is not effectively translated into strategic investment behavior. Individuals understand the importance of saving but lack the knowledge or confidence to explore advanced financial instruments.

7. Lack of Investment Diversification

Most respondents rely on a narrow range of financial instruments, primarily traditional options like bank deposits.

Finding: The absence of diversification increases dependency on low-return investments and reduces the potential for optimizing risk and return.

8. Influence of Income on Risk-Taking Ability

Lower income levels appear to directly influence the risk tolerance of respondents.

Finding: Individuals with limited income tend to avoid risky investments due to fear of financial loss, resulting in conservative financial strategies.

9. Early Stage of Financial Planning Maturity

The overall financial behavior of respondents reflects a basic level of planning, mainly focused on budgeting and saving.

Finding: Advanced practices such as portfolio diversification, long-term investing, and wealth optimization strategies are not widely adopted.

10. Need for programs focused on enhancing financial literacy and awareness

A considerable gap exists with regard to knowledge about modern financial instruments and long-term investment strategies.

Finding: Improving financial knowledge can have a significant impact on shifting individuals ranging from fundamental financial management to effective wealth creation practices.

11. Dependence on Traditional Financial Mindset

Respondents show a tendency to rely on conventional financial approaches rather than exploring newer investment avenues.

Finding: This traditional mindset limits exposure to opportunities that could potentially yield higher returns.

12. Potential for Future Financial Growth

Despite current limitations, respondents demonstrate positive financial habits such as budgeting and saving.

Finding: With proper guidance and awareness, these individuals have strong potential to transition toward effective long-term financial planning and wealth creation.

CONCLUSION

This research examining the role of financial planning in long-term wealth creation reveals that individuals possess a foundational level of financial awareness, particularly in relation to budgeting and saving practices. A majority of respondents demonstrate the ability to manage their income systematically, which reflects a positive attitude toward financial discipline and control over expenses. These basic financial habits form an essential starting point for effective financial planning.

However, The research further highlights a number of limitations that hinder the achievement of long-term wealth creation. One of the key factors observations is the a clear inclination for traditional and low-risk investment avenues such as bank deposits. While these options provide safety and liquidity, they offer relatively lower returns, which might not be adequate to generate substantial wealth over time, especially in an inflationary environment.

Furthermore, The results suggest that a considerable a share of participants focus on short-term and medium-term financial goals rather than long-term investment strategies. This short-term orientation restricts the capacity to gain advantages from compounding and long-term capital appreciation, both of which are essential for wealth accumulation. The absence of diversification in investment choices further limits the possibility to optimize risk and return.

Another important insight from the study is the gap between financial awareness and financial application. Although individuals understand the importance of saving and budgeting, they often lack the knowledge, confidence, or guidance required to make well-reasoned and knowledgeable investment choices. Contributing factors include limited income, risk aversion, and inadequate financial literacy contribute to conservative financial behavior. In conclusion, while the respondents exhibit positive financial habits at a basic level, there is a clear need to move beyond traditional practices toward a more structured and strategic approach to financial planning. Emphasis should be placed on long-term investment planning, diversification of financial portfolios, and adoption of modern financial instruments.

Enhancing financial literacy through education, awareness programs, and access to reliable financial advice can have a significant impact in transforming individual financial behavior. Overall, effective financial planning, when supported by informed decision-making and long-term vision, is capable of substantially improve wealth creation outcomes and ensure financial security for individuals over time.

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