

HDFC Life's 'Ready for Life' Report Highlights a Gap of 26 Points Between Perceived and Actual Financial Readiness

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- As per the nationwide study, India's actual Ready for Life Index (RLI) stands at a modest 59, compared to a high perceived readiness of 85, indicating a wide gap of 26 points in financial readiness across India's urban population
- Retirement planning emerges as India's biggest gap area, with two in three individuals, expecting family support

after retirement, despite planning

- Two out of five individuals have an emergency fund to last over four months; two out of five health insurance owners hold a health cover below INR 5 lakh
- The findings also highlight India's need for long-term protection and financial literacy across income groups and cities

HDFC Life has launched '**Ready for Life**' – its latest research-based study. This one-of-its-kind report makes an effort to quantify the Financial Readiness Gap – the difference between perceived and actual financial preparedness of individuals.



Vineet Arora, Executive Director & Chief Business Officer,

HDFC Life

The Index shows a 26-point gap, which implies that there is a big difference in terms of actual readiness of an individual in comparison to how ready they think they are largely due the lack of action to convert financial planning from merely a plan into reality. In other words, the index reveals that individuals are not well-prepared to handle uncertainties of life across different financial aspects.

About the Study

The Ready for Life Index 2025 is a proprietary research initiative by HDFC Life. This research has been conducted by Ipsos India, an independent market research company. Based on 1,836 face-to-face interviews with working men and women aged between 25–55 years across Metros, Tier 2, and Tier 3 cities*, the study evaluates India's life readiness across four key pillars – Financial Planning, Emergency Preparedness, Health & Well-being, and Retirement Strategy.

The index aims to highlight the gap between perception and actual preparedness, encouraging a shift from short-term savings to structured, long-term financial planning.

Balancing Confidence and Preparedness – India's Retirement Reality

The Ready for Life Index 2025 evaluates India's overall preparedness across life pillars of high importance and finds that though awareness and optimism are visible, preparedness is still uneven.

While consumers hold clear ideal retirement goals, their financial actions and product choices suggest that these goals

may be difficult to reach. Of all the pillars, retirement preparedness is the weakest with a 37-point gap between confidence and level of action. Close to half of urban Indians have yet to begin saving for retirement, and two out of every three anticipate support from family after retirement.

Most respondents who have started planning for retirement, are of the opinion that a corpus of INR 50 lakhs – INR 1 crore would last about 17 years, which could prove to be a gross underestimation considering inflation and lifestyle costs. These results stress on the need for India to move from family-supported financial security to independent retirement planning and also on the need for awareness on financial planning

Financial Planning and Protection – Traditional Strength, Modern Gaps

While Indian customers are inclined towards conventional savings instruments like endowment insurance plans, fixed deposits, and gold, protection and growth-oriented products like term insurance, market linked products, and retirement products are underutilised.

Term insurance, which is one of the most cost-effective protection instruments, has modest ownership owing to limited product understanding, myths around claim settlement, and belief that premiums offer no return if the policy holder outlives the policy term. While financial discipline is visible to an extent, the savings space remains dominated by traditional products and short-term goals. The real opportunity lies in encouraging systematic, long-term investing to build sustainable wealth and reduce over-reliance on low-growth instruments.

On a positive note, there is increasing awareness about health and wellness. Four in five survey participants actively engage in physical activities to maintain their overall physical and mental well-being. Similarly, two out of three go for yearly health check-ups. But the gap in coverage continues to exist; 2 in 5 respondents have health insurance cover of less than INR 5 lakh. Further, in terms of emergency funds, 2 in 5 individuals possess sufficient savings to meet home expenses for more than four months.

Regional and Tier-wise Insights

The study reveals notable regional variations in financial readiness across India:

- **North India** shows the widest readiness gap of 30 points, mainly due to weaker emergency and retirement planning
- **East India** records the most realistic self-assessment with a gap of 20 points, and also displays a traditional and disciplined savings approach
- **South India** leads in maturity towards financial and health planning
- **West India** demonstrates a more diversified investment outlook but lower focus on long-term planning
- **Tier 3 cities** display the lowest preparedness and widest confidence gaps, highlighting the need for deeper financial literacy efforts beyond metros

Click [here](#) for the report

Vineet Arora – Executive Director & Chief Business Officer, HDFC Life, shared his thoughts on the study, *“The Ready for*

Life Index reflects India's growing awareness and optimism about financial planning but also reminds us that true readiness is built through consistent planning and protection. Confidence alone is not enough – preparedness needs structure and action."

"The findings indicate that retirement remains India's biggest financial blind spot. Despite higher awareness, the actual action towards long-term security is limited. Through this study, we aim to encourage meaningful conversations around preparedness and protection as essential pillars of financial wellness."

*List of cities – Delhi, Chennai, Mumbai, Kolkata, Lucknow, Jodhpur, Kochi, Vishakhapatnam, Vadodara, Nagpur, Bhubaneswar, Patna, Muzaffarnagar, Panipat, Thanjavur, Machilipatnam, Anand, Dhule, Bardhaman, Ganjam

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