

FINANCIAL PLANNING TOWARDS FINANCIAL HEALTH OF THE FAMILY

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Abstract

There are still few Indonesian people who do financial planning. This phenomenon also occurs in the people of Muara Penimbung Ilir village. The people of Muara Penimbung Ilir village do not understand the benefits of financial planning, especially family finances. Based on these problems, the implementation of this service activity has the aim of increasing public understanding of the importance of family financial planning. The method of implementing the service is done by providing material, presenting a reading book entitled Family Financial Planning, and a family planning diary. The result of community service activities is public knowledge in the financial sector and motivates the community to carry out family financial planning.

Keywords: Financial Planning, Financial Health, Family Finance.

INTRODUCTION

Financial planning is an activity carried out to design financial activities, both receipts, and expenditures. Financial planning has a very important role in the success of financial management. This plan also serves to suppress the consumptive lifestyle of the community. In the era of globalization, people's consumptive styles have increased along with technological developments where people can access them easily, such as online purchases that offer convenience in shopping, social media that showcases a luxurious lifestyle, and loans that offer easy disbursement. People who do not understand the importance of financial planning will be trapped in lifestyle patterns that can worsen their financial condition. Financial planning can provide the community with the ability to manage finances to provide an overview of priority expenditures, expenditures that can still be postponed, or whether or not additional income is needed in addition to the main income generated. Without financial planning, the financial picture will become blurry, worse, a person can be trapped in a consumptive/overspending lifestyle or spend money beyond what is needed and exceeds his income because it often happens that someone fulfills his wants and not his needs, this is one bad impact of not making financial planning (Sinarwati & Herawati, 2021).

Financial planning encourages people to create financial health. Improving the financial health of the community is directly proportional to the welfare of the community. Community welfare shows an independent society and has a better future. A financially independent society requires the readiness of the community to carry out financial records, financial planning, and financial management based on the right knowledge (Kusumawardani et al.,

2022). So, financial planning is the first thing that is important for the community to start improving its financial condition.

Financial planning is not only for companies or other business entities but is also needed by private communities, including family finance. The family is the basis for financing daily needs. Starting from a family, prosperity began to be formed, independence began to be pioneered and a successful family future became the ultimate goal of financial planning. Financial problems are a common problem faced by a family. (Kusumastuti & Paningrum, 2022). Often the problems that arise from the family stem from financial problems. Financial problems can be anticipated with financial planning. Based on family financial planning, financial managers, both father, and mother, can manage and reduce costs according to their abilities. Starting from financial planning, you can separate costs based on needs or costs based on desires. In addition, through financial planning, family goals will be more focused, such as buying a house, or car, starting a business, children's education, and welfare in old age. Family financial planning is the skill to plan and manage family finances so that the number of family needs and expenses becomes clearer (Wulandari & Sri Utami, 2020).

In 2017 OJK conducted a survey that showed that 12.6% of Indonesians carried out financial planning and 29.7% of Indonesians were financially savvy (Kunjana, 2017). The survey results indicate that there is still a lack of public understanding of financial records and financial literacy so based on these problems, Indonesian people need seminars and training related to finance. OJK data is in line with the condition of the people of Muara Penimbang Ilir village. Muara Penimbang Ilir Village is located in South Sumatra, precisely in Ogan Ilir Regency. The majority of the villagers work as farmers but not a few of the people of Muara Penimbang Ilir Village also work as Songket craftsmen. Based on observations of the problems of the village community, shows that the residents of the village of Muara penimbang ilir have problems regarding finances, one of which is a lack of understanding of the benefits and importance of doing financial planning. After conducting interviews with several residents, the residents of Muara Penimbang Ilir have not been able to explain the family's financial plans for the future.

Community Service Activities regarding financial records are considered necessary to resolve one of the problems that occurred in the village of Muara Penimbang Ilir. This service activity has the aim of increasing public understanding of the importance of family financial planning to lead to healthy and prosperous family finances. The main target of this service activity is that the Muara Penimbang Ilir community can independently carry out financial planning on a regular and sustainable basis.

IMPLEMENTATION METHOD

The implementation methods carried out in this Community Service Activity are:

1. Problem Survey. A problem survey is carried out with village heads and residents to identify problems that occur and solutions that will be provided.
2. Implementation of Community Service by providing Financial Planning Materials
3. Provision of Hardcopy Books with the Title of Family Financial Planning published by the Financial Services Authority (OJK) and Daily Financial Planning Books that can be filled in by Participants

4. Monitoring and Evaluation

Monitoring is done by communicating with participants about the obstacles or problems that occur during the presentation of the material. The evaluation was conducted to see the ability of participants in preparing simple family financial planning.

The service was carried out at one of the residents' houses located in Muara Penimbung Ilir, Ogan Ilir Regency, South Sumatra Province on August 8, 2022, 08.00-12.00. Participants consist of fathers and mothers who are married.

RESULTS AND DISCUSSION

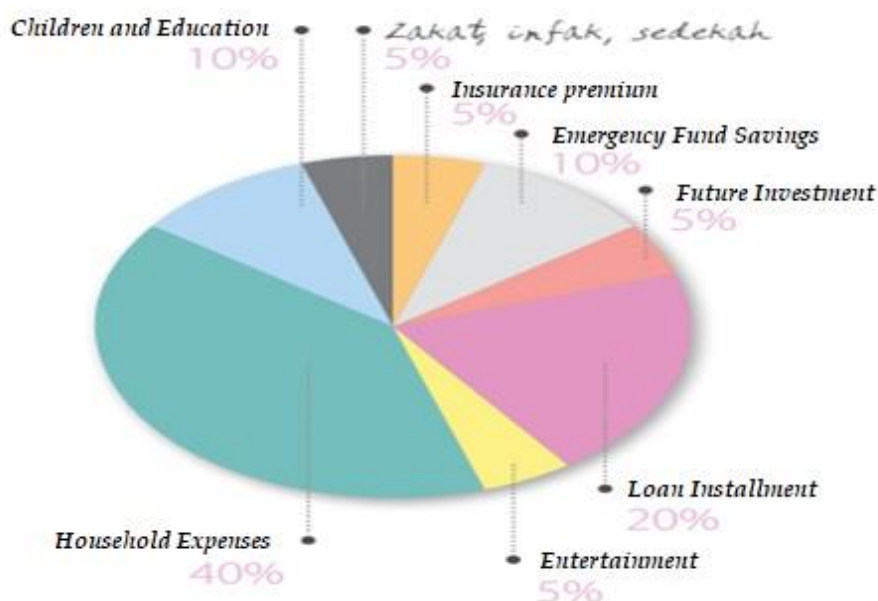
Community Service Activities will be held on Wednesday, August 8, 2022, from 08.00-12.00. Before starting, Participants are required to register. There were 30 participants consisting of the fathers and mothers of the villagers. The activity began with a speech from the village apparatus of Muara Penimbung Ilir. The second event is the presentation of the material. The last event is a discussion and simulation of family financial planning based on the books that have been distributed (Family Financial Planning Book and Family Financial Planning Diary).

Financial Planning has the meaning of several references. Financial planning is the activity of planning, managing, and evaluating the use of funds, to realize that fund management is carried out effectively and efficiently (Naparini, 2010). Family financial planning is the skill to plan and manage family finances so that the number of family needs and expenses becomes clearer (Wulandari & Sri Utami, 2020).

Based on the Financial Services Authority, there are five steps in carrying out Financial Planning (OJK, 2020), including:

1. Evaluate your current financial condition
2. Set your financial goals
3. Develop financial plans and alternatives to achieve financial goals
4. Carry out financial planning that has been arranged with discipline
5. Reviewing and refining the financial plan periodically to adjust the current financial condition

The Ideal Expenditure Budget on Financial Planning (OJK, 2017) consists of household expenses, children and education, zakat infaq alms, insurance premiums, emergency fund savings, future investments, loan installments, and entertainment.



Source: Financial Services Authority, 2017

Financial Health Indicators (OJK, 2017) can be an independent measurement that is applied to the indicators and finances of each family. Healthy or unhealthy family finances depend on the real conditions experienced or lived by the family. Financial Health Indicators can be seen in table 1. as follows:

Table 1. Financial Health Indicators

No	Indicator	Explanation	Healthy	Not healthy
1	How Much Cash do we have?	Have a reserve fund or emergency fund in the form of cash and savings	The balance reaches 4 times the monthly expenses or even more	The amount of savings is less than 4 times routine expenses
2	How many debt installments are each month?	Each month only commits to pay loan installments according to ability. These installments include home loans, vehicle loans, cooperative loans, credit card debt, and other loans	At most only 35% of monthly income	More than 35% of monthly income or even more than half of total income
3	Have You Saved?	Every month, able to set aside some of your income for savings	At least 10% of monthly income	Less than 10% of monthly income or even have no side every month

Source: Financial Services Authority, 2017

The implementation of Community Service Activities with the theme of Financial Planning Towards Family Financial Health went according to plan, smoothly, and without obstacles. Participants followed the event enthusiastically. Participants also feel the benefits

of this service activity. This is based on filling out a questionnaire for participants regarding the assessment of community service activities where the majority of participants stated that the service activities carried out provided benefits and increased knowledge about the financial sector.



Figure1: Implementation of Community Service Activities

During the presentation of the material, participants also received a reference book entitled Family Financial Planning and Family Planning Diary. The reference book aims to provide basic financial knowledge in carrying out family financial planning. This book was distributed with the aim of participants being able to recall the material after the service activities ended. The books distributed also have the aim of encouraging the community to be enthusiastic about starting financial planning and encouraging the community to carry out financial planning on a regular and sustainable basis.

Family planning diaries are distributed to facilitate the community to carry out financial planning and financial records for one month. Through the financial planning diary, it is hoped that the community can start doing financial planning and financial records. This diary also aims to form people who have the habit of planning finances both daily and in the future. If the habit of financial planning and recording has become a routine, then the community can apply it in a free format that is tailored to their individual needs.



Figure2: Distribution of Family Financial Planning Books and Financial Planning Diaries

Service activities also conduct discussion and question and answer sessions as well as financial planning simulations in the diaries that have been provided. At the beginning of the simulation, the participants were still confused about how to start, but this was natural because the majority of participants rarely carried out financial planning for families with disabilities in a structured manner. Participants begin by evaluating their respective financial conditions before carrying out financial planning. The evaluation begins by recording family income and expenses. Then after evaluating the participants determine the financial goals to be achieved in the future. After that, participants can determine plans and strategies so that these financial goals can be realized.



Figure 3: Discussion and Simulation

CONCLUSION

The majority of Indonesian people do not know the importance of financial planning and have not applied financial planning in their daily lives. Based on this, community service activities to invite the Indonesian people to do financial planning are very necessary things to do. Participants in Muara penimbung ilir village were very enthusiastic about participating in the service activities. Participants also stated that this service activity was very useful and increased participants knowledge about the financial sector. The obstacles experienced by participants when starting financial planning, but these obstacles have been minimized by providing family financial planning books and planning diaries that can be directly applied to family finances.

Thank-you note

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