

Strategies Frugal living to Support Individual Financial Planning

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ABSTRACT

The purpose of this research is to find out frugal living strategies that will make us implement financial planning well. This research uses primary and secondary data to produce conclusions. In implementing frugal living, you must first change your mindset, change your way of life, change your life to be simple, make a budget. live, and apply the 3PU method (where when spending money, 30 percent of the amount of money is saved).

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1. INTRODUCTION

Indonesia is a country that has a high level of consumption. According to data from the lifestyle of Indonesian people in big cities and small towns, on average, it is very extravagant. There are several Indonesian people who are already working but cannot save. From the results of a consumer survey conducted by the Kadence International Indonesia Institute. This research seeks to understand the income and expenditure patterns of people in the country. Of the 3,000 respondents in 12 cities in Indonesia, 33 percent were in the almost bankrupt category (on edge). They can only save a maximum of IDR 1 million from their monthly income. One of the reasons why someone commits wasteful actions is firstly not having a clear financial plan, not

having a monthly budget, investment plan, or savings target in the form of cash or digital savings. Second, Indonesian people are often impulsive in spending, where Indonesian people often buy goods without thinking about whether the goods they buy are needed or not, or just a desire. Third, the ease of borrowing money digitally, either online or on credit cards, makes people pretend to buy goods or services that are not really needed, buying food and drinks uncontrollably. The fourth has the mindset of owning goods first, paying later, or an installment system. Fifth, there is no control over debt, the buy-first-pay-first culture has become a culture of society and likes hedonism. The sixth has no control over savings. This research aims to create a simple life strategy to implement good financial planning. Having good planning will reduce the character of wasteful living and create a frugal life.

2. Methode

This research is a type of qualitative research that uses qualitative data through interviews with people who practice frugal living and plan their finances well. This research uses secondary and primary data. Secondary data used is through financial planning literature and books on financial planning and frugal living. Primary data generated through interviews with 5 people who live frugal lives and make financial plans for certain goals in realizing financial freedom

3. Findings and Discussion

Frugal living is defined as frugal lifestyle and careful management of finances. Based on .In this understanding, two main words can be drawn which become the topic in this article, namely lifestyle and thrift Human needs in this world are different. But sometimes people not only fulfill their needs but also their desires, so their lives are not simple. Preventing an individual from living wastefully is by adopting a simple or frugal life. stated that simplicity is a person's habit of behaving according to their needs and abilities. Simple can also mean not excessive or not containing elements of luxury. The Ministry of Education and Culture stated that

simple is modest, attitudes and behavior that are not excessive, not many intricacies, not many trinkets, straightforward and as is, frugal according to needs, and humble. Simple is a daily habit or behavior that is carried out according to needs and abilities and does not reflect excessive attitudes or contain elements of luxury. Simple emphasizes material or financial elements and abilities, for example: eating, drinking, snacks, buying books, houses and vehicles. In realizing financial freedom, an individual must be able to make good financial planning. In making financial planning OJK financial planning (2019). We must be able to change our lifestyle to a frugal lifestyle. In realizing a frugal living strategy to realize good financial planning. First, an individual must change his mind-set to change his mindset from buying things based on needs rather than desires, adopting frugal living, applying the 3MU method by saving 30 percent of the expenses made every day. Several strategies for implementing a simple or frugal lifestyle.

First, prioritize basic needs over other needs. Really identify what your basic needs are. Basic needs are needs that must be met, namely food (food, drink), clothing (clothing), and shelter (house). Other needs are secondary needs and tertiary needs (luxury). These last two needs are different for each person (individual). Second, take into account financial capabilities. Calculate how much money you earn and calculate how much money you can spend. Third, get into the habit of being frugal and like saving. Frugal living is not the same as stingy living. Frugal living is full of calculations, especially for things that are not useful. So by being frugal, you can set aside some money for savings. Fourth, set financial goals to create an emergency fund or determine certain financial goals Fifth, always make a budget and record income and expenses to carry out evaluations every month to create a frugal life. A simple lifestyle in terms of material things includes the following: 1) Eat healthy and simple foods 2) Wear polite clothing according to the situation 3) Don't wear excessive jewelry 4) Buy goods according to your needs 5) Pocket money is not excessive. By

living simply we have many benefits such as not being stressed, helping us achieve financial goals, training our patience. learn to be a wise person in managing finances.

Financial planning is the process of achieving a person's life goals. In making specific and planned financial management (FPSB) 2016. When making a financial plan, there are several things we need to take into account

1. We must determine goals based on priorities. Individuals must be able to set goals based on priorities, for example: buying a house, a vehicle
2. Get to know the individual's financial position. Knowing the amount of assets and debts owned, knowing the amount of expenses and income received
3. Creating alternatives can use smart principles in creating alternatives that are a priority for our financial goals. For example, you want to buy a vehicle because you need it to go to work.
4. Implement one of the alternatives created
5. Evaluation of the financial goals is then made to evaluate whether the financial goals have been achieved

The strategy that must be used in making plans is to adopt frugal living.

1. record expenses and record income
2. get into the habit of saving
3. Create a priority scale for financial goals
4. Use the 30 percent savings method when spending money
5. be wise in spending money
6. make a financial evaluation

7. Adjust your needs, not focus on your wants

4. Conclusion

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