

The Influence of Income, Islamic Financial Literacy, and Education on Well-Being through Financial Planning in Semarang

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ABSTRACT: The COVID-19 pandemic has caused economic instability in Indonesia, including in Semarang City, which has impacted the increasing poverty rate and difficulties in managing family finances. Under these conditions, financial literacy and financial planning have become crucial aspects that can help society face economic challenges. This research examines how income, Islamic financial literacy, and education influence community welfare through financial planning in the context of post-pandemic economic recovery. This research uses the Structural Equation Model (SEM) method based on variance with AMOS version 20 and involves 149 respondents selected using purposive sampling technique to analyze the relationships between income, Islamic financial literacy, education, financial planning, and welfare. The research results show that income does not have a significant influence on financial planning, while Islamic financial literacy and education have positive influences on financial planning. The study confirms that good financial planning contributes significantly to improving community welfare, with families having mature financial strategies being better able to achieve economic stability. These findings confirm the importance of improving Islamic financial literacy and broader access to education as main strategies to enhance community welfare. With better financial understanding, society can be wiser in managing income and developing more effective financial planning to achieve a more prosperous life, particularly in post-pandemic economic recovery contexts.

Keywords: Financial Planning, Income, Islamic Financial Literacy, Education, Well-Being.



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INTRODUCTION

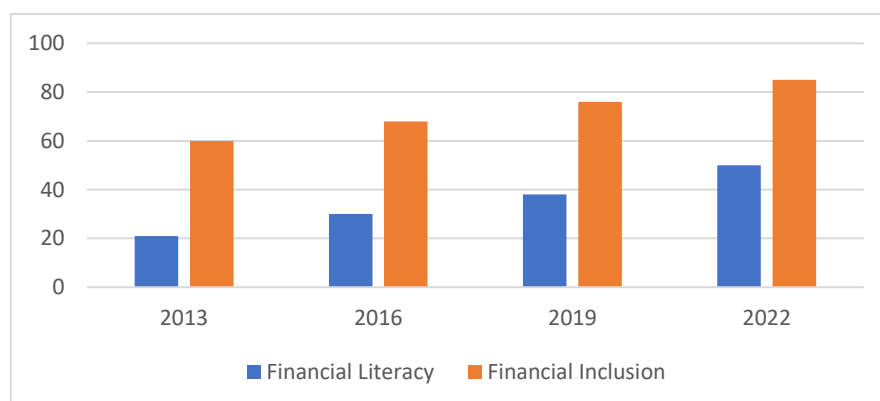
Financial well-being has become a critical concern in Indonesia, particularly as economic instability continues to disrupt communities across the country. Semarang City, as one of Indonesia's major urban centres, experienced substantial economic challenges during this period, with many families struggling to maintain their financial well-being due to declining income while expenses continued.

This situation highlights the importance of financial well-being, which is defined as a state where individuals can adequately meet current financial obligations, prepare for future financial needs, and make informed financial decisions to enhance their quality of life (Salsabila & Hapsari, 2022). The significance of this issue extends beyond individual household concerns to broader socioeconomic implications. Financial well-being reflects the government's effectiveness in improving citizen's quality of life and represents the foundation of national development (Hidayah et al., n.d.)(Patrisia & Abror, 2022) (Adam et al., 2017). When individuals lack proper financial management skills, investment capabilities, and financial resilience, their overall well-being becomes compromised, potentially creating ripple effects on economic stability and social development.

Despite various government initiatives to improve citizens' welfare, empirical evidence reveals inconsistent relationships between key determinants and financial well-being outcomes (Adil et al., 2022) (Bashir & Qureshi, 2023). Specifically, existing literature demonstrates conflicting findings regarding the influence of income, Islamic financial literacy, and education on well-being through financial planning mechanisms. This raises fundamental research questions about how income affects financial well-being through financial planning among Semarang City residents, the extent to which Islamic financial literacy contributes to financial well-being through financial planning, what role education plays in achieving financial well-being through financial planning mechanisms, and how financial planning mediates the relationship between these determinants and financial well-being.

The complexity of achieving financial well-being involves various interconnected factors that require comprehensive analysis. The income paradox represents one of the main complexities, where despite income logically appearing important for well-being, research findings show contradictory results. Studies by (Hidayah et al., n.d.) and (Wahbi et al., 2020) demonstrate significant positive effects of income on well-being, while research by (Salsabila & Hapsari, 2022), (Fadhli & Fahimah, 2021), and (Prameswari et al., 2023) found no significant relationship. This inconsistency suggest that income alone may not guarantee well-being without proper financial management.

Figure 1. Financial Literacy and Financial Inclusion Data from 2013-2022



The Islamic financial literacy gap adds another layer of complexity. Based on figure 1.1, financial literacy and financial inclusion data from the financial services authority (OJK) show continuous improvement from 2013 – 2022. This indicates that society is currently aware of the importance of financial literacy in improving the quality of decision-making and financial management in achieving well-being. Financial inclusion has improved community access to appropriate financial products and services, enhancing opportunities for financial well-being. However, the specific role of Islamic financial literacy in predominantly Muslim societies like Indonesia remains underexplored. Research conflicts exist between studies showing significant effects such as those by (Hidayah et al., n.d.), (Salsabila & Hapsari, 2022), (Fitroni, 2022) and (Aulia et al., 2019) and those finding no significant impact like (Prameswari et al., 2023) and (Rohmania et al., 2023). The relationship between education and well-being also demonstrates similar complexity, where educational background theoretically enhances financial knowledge and planning capabilities (Kusdiana & Safrizal, 2022) (Lučić et al., 2023), yet empirical evidence remains varied. While (Aini et al., 2018), (Siregar & Ritonga, 2018), (Nurudin et al., 2021), and (A. C. Dewi & Rahmani, 2022) found significant educational effects on well-being, Fadhli & Fahimah, (2021) reported no significant relationship, indicating complexity in how education translates to financial well-being. Financial planning as a mediation mechanism adds an important dimension of complexity that needs to be understood. Financial planning encompasses not only investment decisions but also daily expenditure management, religious obligations such as zakat and charity, children's future savings, and retirement planning (Aulia et al., 2019). Understanding how this relationship between individual characteristics and well-being outcomes requires systematic investigation that has not been conducted in depth within the context of Indonesian society, particularly in Semarang City. Based on the identified problems and complexities outlined above, this research aims to address the identified research gaps and contribute to existing literature. The main objective of this research is to examine the influence of income, Islamic financial literacy, and education of financial well-being through the mediation of financial planning among Semarang City residents. This research examines how financial planning mediates the relationships between key determinants (income, Islamic financial literacy, and educational background) and financial well-being outcomes. The findings provide empirical evidence to help policymakers and financial institutions develop targeted interventions for improving community financial well-being.

This research is expected to provide theoretical contributions by providing comprehensive analysis of financial well-being determinants in the context of Islamic finance, addressing research gaps regarding inconsistent findings in previous studies. From a practical perspective the findings will offer valuable insights for financial institutions, policymakers, and community development programs in designing effective strategies to improve financial well-being through better financial planning mechanisms. Methodological contributions are realized through the use of mediation analysis in examining relationship between various determinants and financial well-being, providing more nuanced understanding of how these factors interact to influence well-being outcomes. The urgency of this research is supported by ongoing economic challenges faced by Indonesian households and the need for evidence-based approaches to improve financial well-being, particularly in urban environments like Semarang City where diverse socioeconomic conditions present unique challenges and opportunities for financial well-being improvement.

METHOD

Research Type

This study employs a quantitative approach with a descriptive-explanatory design to describe and analyze the influence of income, Islamic financial literacy, and education on financial well-being through financial planning. The descriptive design is used to describe the characteristics and conditions of financial well-being among Semarang City residents, while the explanatory design aims to explain causal relationships among research variables.

Data were collected through structured questionnaires using validated 5-point Likert scales to measure variables of income, Islamic financial literacy, education, financial planning, and financial well-being. Data analysis utilizes Structural Equation Modelling (SEM) with AMOS version 20 software, elected for its established reliability in SEM analysis, to test causal relationships between independent variables and financial well-being through financial planning mediation.

Population and Sample/Informants

According to (Swarjana & Skm, 2022) a population is all components considered to have one or more similar characteristics, thus forming a group. The population in this study consists of employed residents from Semarang City who have families. The sample consists of 149 respondents selected through purposive sampling method. Sampling limitations include potential geographic bias due to urban focus and self-selection bias from voluntary participation, which may limit generalizability to broader populations.

Research Location

This research was conducted in Semarang City, a region known as the capital of Central Java Province with socioeconomic diversity and a blend of modern urban population. Semarang City was selected as the research location due to its characteristics as a business and trade centre that has communities with various levels of income, education, and diverse occupational backgrounds. As the third-largest metropolitan city in Java, Semarang has developing financial infrastructure with the presence of conventional and Islamic banks, as well as non-bank financial institutions that provide diverse access to financial products for the community. This setting provides a unique context to explore the relationship between income, Islamic financial literacy, and education on financial well-being through financial planning, especially among working and family-oriented communities.

Instrumentation or Tools

This study uses a structured questionnaire consisting of six main sections to measure research variables. The research instrument was developed based on scales that have been validated in previous studies and adapted according to the Indonesian community context.

Data Collection Procedures

The method used for data collection in this study employs questionnaires. A questionnaire or survey is one method of collecting data by providing several questions or written statements that are then answered by respondents. In this study, the measurement of respondent's attitudes will use a Likert scale with scores ranging from 1 to 5.

Data Analysis

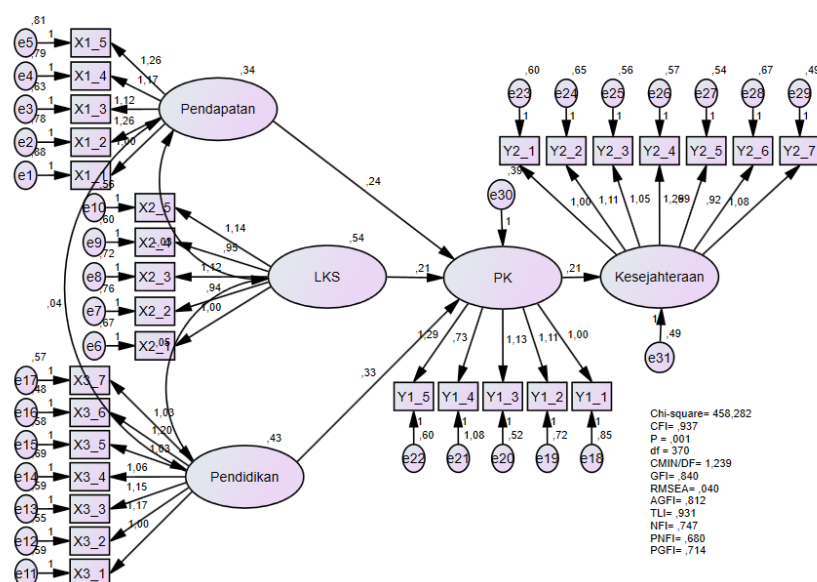
This study uses Structural Equation Modelling (SEM) with AMOS version 20, selected for its established reliability in SEM analysis. According to Evangelos & Siskos (2010), SEM extends regression models and includes two main approaches: Path Analysis for examining directional relationships between variables, and Confirmatory Factor Analysis (CFA) for testing relationships among constructs with their indicators. The analysis process consists of two stages: first, CFA will be conducted to assess measurement model validity and reliability; second, structural model testing will examine causal relationships and mediation effects. Both approaches will be used simultaneously to provide comprehensive analysis of the proposed research model.

RESULT AND DISCUSSION

Model Testing

Structural Equation Model estimation through full model analysis was conducted to examine model fit and the causal relationships built into the model. The full model Structural Equation Model (SEM) analysis was intended to test the model and hypotheses developed in this research. The data processing results for the full model confirmatory factor analysis can be seen in Figure 2.

Figure 2. Full Model Confirmatory Factor Analysis Table



The model path diagram above illustrates model modifications to achieve a fit model. It can be determined that the Full Model construct confirmatory factor analysis has met the fit criteria, as indicated by the calculated values of each goodness-of-fit index that have met the specified criteria. The results of the full model construct confirmatory factor model test can be seen in Table 1.

Table 1. Full Model Confirmatory Factor Test Results

Criteria	Cut off Value	Results	Model
			Evaluation
CMIN/DF	< 2,00	1,239	Baik
GFI	Near 1,0	0,840	Baik
RMSEA	≤ 0,08	0,040	Baik
AGFI	Near 1,0	0,812	Baik
TLI	≥ 0,90	0,931	Baik
PNFI	> 0,50	0,680	Baik
PGFI	≥ 0,50	0,714	Baik

Source: Processed secondary data, 2024

It can be determined that the Full Model construct confirmatory factor analysis has met the fit criteria, as indicated by the calculated values of each goodness-of-fit index that have met the specified criteria.

Hypothesis Testing

Hypothesis testing is used to test hypotheses based on data processing results in the research using SEM analysis. Generally, these hypotheses are tested by analyzing the critical ratio (C.R.) values with the Probability (P) values from the regression weight data processing results compared to the required statistical thresholds. The required critical ratio value is above 1.96, with a probability value below 0.05. If the data processing results meet these requirements, then the research hypotheses proposed are declared acceptable. The hypothesis testing results can be seen in the Regression Weight Table below.

Table 2. Regression Weight Table

NO	HYPOTHESIS			CR	P	INFORMATION
H ₁	Income	influences	financial	1,855	0,064	Rejected
	planning					
H ₂	Islamic	Financial	Literacy	2,218	0,027	Accepted
	influences	financial	planning			
H ₃	Education	influences	financial	2,976	0,003	Accepted
	planning					
H ₄	Family	Financial	Planning	2,079	0,038	Accepted
	influences	well-being				

Based on the regression weight test results above, it shows that H1 is rejected because it has a Critical Ratio (C.R.) value below 1.96 or significance above 0.05. H2, H3, and H4 are accepted because they have Critical Ratio (C.R.) values above 1.96 or significance below 0.05. Moreover, to assess the degree of effect of each variable or element comprising each hidden factor, the

associations between constructs can be evaluated through standard coefficients in the regression coefficient statistical findings of the complete structural model shown in the following table.

Table 3. Full Model Construct Standardized Regression Weights
Test Results Table:

				Estimate
PK	<---	Income		0,197
PK	<---	IFL		0,224
PK	<---	Education		0,31
Well-Being	<---	Financial Planning		0,209

The structural equation model based on these results can be written below:

Endogenous Variable = Exogenous Variable + Error

Financial Planning = 0,197 Income + 0,224 Islamic Financial Literacy + 0,31 Education + 0,204 ζ

Well-Being = 0,209 Financial Planning + 0,044 ζ

Based on the table and model equation above, the results demonstrate that all indicators or dimensions constituting each latent variable show positive effects with standardized coefficient results ranging from the lowest 0.197 to the highest 0.31. Additionally, regarding the associations among variables, the results demonstrate that the greatest influence is the effect of education on financial planning with a standard coefficient of 0.31, which means that if education increases by 1, it will increase financial planning by 0.31.

Income Influences Financial Planning

The research results show that the hypothesis stating “Income influences financial planning” is rejected. In other words, a person’s income does not have a significant relationship with how they plan their finances. Several previous studies have also shown that income is not the only factor that influences a person’s financial planning. According to (Lusardi & Mitchell, 2014) financial literacy plays a more dominant role in determining how someone manages their finances compared to income level. They found that individuals with food financial literacy tend to have better financial management habits, regardless of the amount of income they earn. Furthermore, research conducted by (Hilgert et al., 2003), (Baptista & Dewi, 2021), and (Mustafa et al., 2023) shows that even when a person’s income increases, it is not always accompanied by improvements in financial planning habits. Other factors such as saving habits, lifestyle, and social environmental influences contribute more to how someone plans their finances. Moreover, research by (Lusardi & Tufano, 2015), (Rahman et al., 2021), and (Ryu & Fan, 2023) confirms that many individuals with high incomes still face financial difficulties due to poor planning. This shows that higher income does not automatically enhance a person's capacity to handle their money.

The findings of this research support and strengthen the results of previous research conducted by several researchers. These findings align with studies by (Salsabila & Hapsari, 2022) who found that income does not have a significant influence on family financial well-being, but financial

literacy and financial planning become more determinant factors. Similarly, research by (Fadhli & Fahimah, 2021) shows no significant relationship between income level and personal financial planning quality among young urban workers. Additionally, these findings are also consistent with research by (Prameswari et al., 2023) which proves that income variation does not statistically significantly influence financial planning behavior, but psychological factors and financial knowledge have a more dominant role.

From a behavioral finance perspective, this phenomenon can be explained through several psychological mechanisms underlying individual financial behavior. First, lifestyle inflation or hedonic treadmill theory shows that when income increases, expenses tend to increase proportionally so there is no surplus that automatically encourages better financial planning. Second, overconfidence bias causes individuals with high incomes to feel financially secure based on current conditions, without considering the importance of long-term planning. Third, in the context of Indonesian culture, fatalistic attitudes toward fortune and finances can reduce motivation to conduct systematic financial planning, regardless of income level. Fourth, the paradox of choice shows that individuals with high incomes actually face too many financial product choices, which can cause decision paralysis and delay concrete financial planning actions. In conclusion, although income is often considered a primary factor in financial planning, the results of this research show that there are other variables that are more dominant in influencing a person's decisions in managing their finances. Therefore, to improve individual financial planning, broader approaches such as increasing financial literacy and changing money management habits need attention.

Islamic Financial Literacy Influences Financial Planning

The research results show that the hypothesis "Islamic Financial Literacy influences financial planning" is accepted. In other words, the better a person's Islamic financial literacy, the better their financial planning will be. This finding is consistent with previous research stating that understanding Islamic financial principles plays an important role in individual financial management. According to (Rahman et al., 2021) and (Mahdzan et al., 2024) individuals with higher levels of Islamic financial understanding typically demonstrate more structured approaches to controlling their finances, such as in saving, investing, and avoiding interest-based transactions that can be financially detrimental.

Furthermore, research conducted by (Shahariman et al., 2024) found that understanding Islamic finance, including the concepts of zakat, waqf, and profit-sharing principles, helps individuals plan their finances more effectively and sustainably. This is because Islamic finance emphasizes the balance between worldly and hereafter needs, so individuals who understand this concept tend to be more responsible in managing their finances. Moreover, according to a study conducted by (Rahmatia & Saputra, 2021), (M. K. Dewi & Ferdian, 2021), and (Kusmantari, 2024) communities with good Islamic financial literacy are more likely to implement healthy financial management principles, such as long-term financial planning and financial risk management through Islamic financial instruments.

The findings of this research also support and strengthen the results of previous research conducted by several researchers. These results are consistent with research by (Hidayah et al.,

n.d.) who found a significant influence of Islamic financial literacy on financial well-being through financial planning among SMEs. Similarly, research by (Salsabila & Hapsari, 2022) shows that Islamic financial literacy has a determinant role in shaping family financial planning behavior. Additionally, these findings are also consistent with research by (Aulia et al., 2019) which proves that understanding Islamic principles significantly improves the quality of financial decision-making and long-term financial planning. Research by (Shahariman et al., 2024) also strengthens these findings by showing that individuals with high levels of Islamic financial literacy have more structured financial planning behavior that aligns with Islamic principles.

From a theoretical perspective, the positive influence of Islamic financial literacy on financial planning can be explained through several fundamental mechanisms. First, the concept of *maqasid syariah* (objectives of Islamic law) in Islamic finance provides a holistic framework that encourages individuals to plan finances not only for short-term interests, but also for long-term welfare and social benefit. Second, the principle of prudence in Islam such as "*la dharar wa la dhirar*" (no harm should be inflicted or reciprocated) intrinsically encourages more conservative and measured financial planning behavior. Third, the obligation of *zakat* and recommendation of charity in Islam creates an automatic saving mechanism that forces individuals to plan finances while considering these social-religious obligations. Fourth, the prohibition of *gharar* (excessive uncertainty) and speculation in Islamic financial transactions encourages individuals to make more planned financial decisions based on mature risk calculations. In the context of Semarang's predominantly Muslim society, the internalization of these values through improved Islamic financial literacy will naturally enhance the quality of personal financial planning.

In conclusion, these findings reinforce the importance of Islamic financial literacy in improving the quality of individual financial planning. For Islamic financial institutions, these results indicate the need for greater investment in Islamic financial education and literacy programs as a long-term strategy to develop a more mature and committed customer base. For the Semarang City regional government, these findings show great potential for developing integrated Islamic financial literacy programs in various community empowerment activities, given their effectiveness in improving family financial planning. Therefore, efforts to increase public understanding of Islamic finance, such as through systematic education and socialization, can be an effective strategy in promoting healthier and more sustainable financial behavior.

Education Influences Financial Planning

The research results show that the hypothesis "Education influences financial planning" is accepted. In other words, the higher a person's education level, the better their financial planning will be. This finding aligns with research stating that education plays an important role in shaping a person's mindset and habits in managing finances. According to (Lusardi & Mitchell, 2014), (Katnic et al., 2024), (Choerudin et al., 2023), and (Sambharakresna & Wulandari, 2025) explains individuals with higher education levels tend to have a better understanding of financial concepts, such as budgeting, investment, and debt management, making them more capable of planning their finances effectively. Furthermore, research conducted by (Behrman et al., 2012) found that education contributes significantly to a person's financial literacy, which ultimately impacts wiser financial decision-making. People with higher educational backgrounds tend to better understand

the importance of saving, having emergency funds, and utilizing available financial instruments to achieve long-term financial goals. Moreover, according to research by (Xiao & Porto, 2017) education not only improves individual financial skills but also shapes more rational behavior in financial management. They found that individuals with higher education are more likely to have systematic financial planning strategies, such as investing for the future and managing financial risks.

The findings of this research support and strengthen the results of previous research conducted by several researchers in the Indonesian context. These results are consistent with research by (Widyaningtya & Suhartono, 2021), (Kusdiana & Safrizal, 2022), and (Harahap et al., 2022) who found that education level has a positive and significant influence on family financial planning capabilities in Indonesia. Similarly, research by (Aini et al., 2018) shows that individuals with higher education have better and more systematic financial planning behavior compared to those with lower education. Additionally, these findings are also consistent with research by (Ho & Lee, 2021) and (Rohmaturohman & Prajawati, 2023) which proves that educational background positively correlates with the quality of financial decision-making and long-term financial planning. From a theoretical framework, the positive influence of education on financial planning can be explained through several fundamental cognitive and behavioral mechanisms. First, human capital theory shows that education enhances individual cognitive abilities, including analytical skills, problem-solving, and complex decision-making, all of which are essential in effective financial planning. Second, formal education develops numerical literacy and statistical reasoning that enable individuals to better understand concepts of compound interest, investment risk, and time value of money. Third, exposure to various information and critical thinking methods during the educational process makes individuals more capable of evaluating financial products and making rational financial decisions. Fourth, education shapes future orientation and delayed gratification behavior, where highly educated individuals tend to be more capable of delaying short-term satisfaction for long-term benefits. In the context of Semarang society, which has relatively good access to education, improving education quality will naturally lead to elevating the level of community financial planning.

In conclusion, the evidence from this analysis indicates that education is an important factor in improving individual financial planning. For educational institutions, these findings indicate the need for integrating more comprehensive financial literacy curricula across all education levels, not just as supplementary subjects but as essential life skills. For regional government, these results show that investment in the education sector will have a multiplier effect on community financial welfare in the long term. For financial institutions, these findings provide insight that product segmentation based on customer education levels can be an effective strategy in developing financial planning services that match the capacity and needs of each segment. Therefore, efforts are needed to improve access to financial education from an early age so that society can be better prepared to face future financial challenges.

Family Financial Planning Influences Well-Being

The research results show that the hypothesis "Family Financial Planning influences well-being" is accepted. In other words, the better a family plans their finances, the higher the level of well-

being that can be achieved. Good financial planning enables families to manage income more effectively, allocate funds for basic needs, save, invest, and prepare emergency funds to face unexpected situations. According to research conducted by (Gutter & Copur, 2011) families with good financial planning tend to have more stable economic conditions, avoid consumptive debt, and are able and are able to attain future financial objectives, such as funding their children's schooling and retirement planning.

Furthermore, research conducted by (Joo & Grable, 2004) shows that good family financial planning impacts the improvement of financial and psychological well-being. Families with mature financial planning tend to have lower levels of financial stress, feel more secure in facing economic risks, and are better able to meet their living needs. Moreover, (Lusardi & Mitchell, 2014) confirm that families who have disciplined financial management habits, such as creating monthly budgets and managing expenses according to priorities, tend to have higher levels of well-being compared to families without clear financial planning. The findings of this research support and strengthen the results of previous research conducted by several researchers in the Indonesian context. These results are align with studies by (Aulia et al., 2019) who found that comprehensive financial planning has a significantly positive influence on the financial well-being of Muslim families in Indonesia. Similarly, research by (Hidayah et al., n.d.) shows that good financial planning practices serve as an important mediator in achieving optimal financial well-being among SMEs. Additionally, these findings are also consistent with research by (Wahbi et al., 2020) which proves that families with structured financial planning demonstrate superior financial wellness and enhanced economic stability in contrast to families lacking organized planning.

From a theoretical perspective, the positive influence of financial planning on well-being can be explained through several fundamental and interconnected mechanisms. First, resource allocation theory shows that financial planning enables optimization of limited resource allocation to maximize utility and family satisfaction in both short and long terms. Second, the stress reduction mechanism explains that good financial planning reduces financial anxiety and uncertainty, which in turn improves psychological well-being and family quality of life. Third, the goal achievement framework shows that financial planning offers a transparent pathway to reaching monetary objectives, thereby increasing authority and personal confidence in monetary administration. Fourth, the risk management perspective explains that financial planning that includes emergency funds, insurance, and investment diversification provides financial security and protects families from unexpected economic shocks. In the context of Semarang society facing urban economic dynamics with high complexity of needs, implementing systematic financial planning becomes increasingly crucial for achieving sustainable family well-being.

Therefore, the findings of this study validate that family financial planning is an important factor in improving well-being. For financial practitioners and financial planners, these findings confirm the importance of developing comprehensive financial planning tools and methodologies that are easily implementable by families with various economic backgrounds. For financial institutions, these results show great opportunities in developing products and services that support family financial planning, such as budgeting applications, financial planning consultations, and investment products that correspond to future financial objectives. For Semarang City government, these findings suggest implementing education and community empowerment programs focused on

improving family financial planning capabilities to enhance community welfare. Therefore, education regarding family financial planning needs to be enhanced through systematic and sustainable approaches so that society can manage finances better and achieve more optimal well-being.

Interpretation of Key Findings

Our findings revealed significant relationships between Islamic financial literacy, education, and financial planning, with financial planning serving as a crucial mediator for well-being ($\beta = 0.224$, $p < 0.027$ for Islamic financial literacy; $\beta = 0.31$, $p < 0.003$ for education; $\beta = 0.209$, $p < 0.038$ for financial planning to well-being). These results suggest that individuals with higher levels of Islamic financial literacy and education are more capable of developing effective financial planning strategies, which subsequently enhance their overall well-being. Notably, income did not demonstrate a significant relationship with financial planning ($\beta = 0.197$, $p = 0.064$), challenging conventional assumptions about the primacy of income in financial management.

The strongest predictor of financial planning was education ($\beta = 0.31$), indicating that educational attainment provides individuals with the cognitive tools and analytical capabilities necessary for effective financial decision-making. This finding is particularly relevant in the Indonesian context, where access to quality education varies significantly across socioeconomic levels. The significant role of Islamic financial literacy ($\beta = 0.224$) underscores the importance of culturally and religiously aligned financial knowledge in predominantly Muslim societies like Semarang, where Islamic principles such as zakat, halal investment, and prohibition of *riba* (interest) shape financial behavior and planning approaches.

Comparison with Previous Studies

The findings of this study are consistent with (Lusardi & Mitchell, 2014) who emphasized that financial literacy plays a more dominant role than income in determining financial management quality. Our results also align with (Salsabila & Hapsari, 2022), who found that income does not significantly influence family financial well-being, but financial literacy becomes the determining factor. Similarly, the positive relationship between Islamic financial literacy and financial planning supports the work of (Hidayah et al., n.d.) and (Aulia et al., 2019), who demonstrated that understanding Islamic financial principles significantly improves financial decision-making quality. However, our findings differ from studies by (Hidayah et al., n.d.) and (Wahbi et al., 2020) who reported significant positive effects of income on well-being. These discrepancies could be attributed to differences in demographic focus and cultural context, with our study specifically examining families in an urban Indonesian setting where lifestyle inflation and cultural attitudes toward money management may moderate the income-planning relationship. Additionally, our research extends beyond previous studies by incorporating Islamic financial literacy as a distinct variable, demonstrating its unique contribution to financial planning behavior in Muslim-majority communities. The educational impact on financial planning ($\beta = 0.31$) is consistent with research by (Aini et al., 2018), (Fahrizal et al., 2021), and (Kusdiana & Safrizal, 2022) who found positive correlations between education levels and financial planning capabilities in Indonesian contexts. This highlights the universal importance of educational investment in developing financial management skills across different cultural and economic settings.

Limitations and Cautions

Although this research provides valuable insights into the influence of income, Islamic financial literacy, and education on financial well-being through financial planning, several limitations need to be acknowledged. First, the descriptive research design limits the ability to establish deep causal relationships and long-term impacts between financial planning and sustainable well-being outcomes. Second, reliance on self-reported data through questionnaires may introduce bias, such as social desirability bias or subjective interpretation of financial literacy levels, as emphasized in previous studies. Third, the geographical focus of the research in Semarang City may limit the generalization of findings to other regions with different socio-economic characteristics and cultural financial practices. Fourth, the scope of variables studied is limited and does not include other potential factors such as consumption habits, social influences, and psychological factors that may significantly affect financial well-being. Future research should employ explanatory research approaches with broader geographical coverage and incorporate additional variables to address these limitations and provide stronger insights into the complex dynamics of achieving financial well-being.

Recommendations for Future Research

For future research, it is recommended to expand the scope of the study area, add more comprehensive research variables, and use more diverse data collection methods in order to obtain more accurate and in-depth results

CONCLUSION

The research findings indicate that income level does not directly influence financial planning quality. Instead, financial literacy and management habits emerge as more dominant factors. Conversely, Islamic financial literacy has proven to have a significant influence on financial planning, where the higher a person's level of Islamic financial literacy, the better the financial planning they undertake because understanding Islamic financial principles such as zakat, waqf, and halal investment helps individuals manage their finances more effectively and sustainably. Education has also proven to have a positive influence on financial planning, where individuals with higher levels of education tend to have a better understanding of financial concepts and are more capable of planning their finances well because education contributes to improving financial literacy and making wiser financial decisions. Furthermore, family financial planning has proven to have a significant influence on welfare, where families that have good financial planning tend to have more stable economic conditions, are more disciplined in financial management, and have higher levels of welfare.

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