

The Analysis of Shari'ah-Based Personal Wealth Management in the Retirement Period

Tri Yaniarrinita

PT. Sinergi Dinamika Transportindo, Corresponding email: nia.rahman@gmail.com

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Abstract

Purpose - This study aims to get a better understanding of personal Islamic Wealth Management (IWM) by Muslim families who are at retirement age. The concept of the five cycles of IWM is employed to observe the implementation of personal wealth management that has been carried out by the Muslim families. Furthermore, this study is trying to observe the personal wealth management strategy based on *Maqāshid al-Shari'ah* in the Muslim families.

Methodology - The research design used is interpretative case study with qualitative approach. Data is collected from the research participants through semi-structured interviews, observation, and documentation. Then it is analyzed by using four techniques i.e.: domain; taxonomy; componential; and cultural themes. Participants are Muslim families who are at retirement age with selected criteria: the principal (husband) aged 65 years and over; having one wife and children who have lived independently; having financial literacy; and having family financial adequacy at retirement age.

Findings - The research shows that participants have implemented most of the components of Personal IWM. The participants are driven to and believe in the principle of working as worship (wealth creation), motivation to protect wealth to feel secure and peace of mind (wealth protection), but participants have limited understanding of Islamic insurance. Further, participants developed their wealth in order to protect its value from future unexpected risks (wealth accumulation); participatory carrying out ZIS in order to obey Allāh's commands (wealth purification), and eventually already planned inheritance law according to Islamic teachings (wealth distribution).

Practical Implication - This case study can be a reference for formulating IWM strategy for retirement planning.

Originality - There is no much studies conducted using a case study method in the area of IWM that can be applied in the future study.

Keywords: Personal Finance, Islamic Wealth Management, Retirement

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1. Introduction

Many family issues begin with the mismanagement of assets. A survey by HSBC on retirement in Indonesia shows that the majority of respondents have concerns about being financially independent in retirement. As many as 86% are worried about being able to live comfortably, rising health costs (83%), and running out of retirement funds (77%) (Sugianto, 2019). While 3/4 of working-age respondents expect their children to help them in retirement, while in fact nowadays only less than 1/3 of respondents receive help from their children (Sugianto, 2019).

Islam as a religion of compassion for all mankind is keen to prevent people from being harmed or damaged and to lead into victory in all aspects of human life. As part of *muamalat*, *sharī'ah* sets certain guidelines to regulate Muslim economic behavior. The economic behavior of Muslims is under the auspices of Islamic economics (Nasr, Abdullah, Ulum, 2018: 539), where the Qur'an provides basic principles in guiding individual economic actors that lead to general objectives (*maqāṣid al-sharī'ah*) including the preservation of wealth (Masrifah and Firdaus, 2016). Therefore, wealth should be acquired, invested and spent in the right way, and should provide benefits to individuals, families and society as a whole (Shafii, Yusof, & Noh, 2013).

Shafii et al. (2013) emphasized that knowledge of *sharī'ah*-compliant financial planning is important for Muslims to master in their capacity as khalifah of Allāh, and is even considered an obligation for every individual (*farḍu al-'ain*). Lack of knowledge and awareness about financial planning from a young age is the cause of the majority of Indonesians experiencing various financial problems including being unprepared for retirement. People's financial goals are still dominated by short-term goals, such as meeting daily life (49.11%), maintaining life (17.68%) and children's education costs (8%) (OJK, 2017). Likewise, the knowledge and understanding of the Indonesian people about financial planning and wealth management according to *sharī'ah* is still low. A number of studies from 2004-2010 have shown the low level of public understanding of *sharī'ah* finance (Agustianto, 2015; OJK, 2017).

Therefore, this study seeks to address the issue of how Muslim families who are at retirement age manage their personal wealth based on the perspective of Islamic Wealth Management (IWM), where IWM is defined as an economic discipline that discusses wealth management based on Islamic laws or beliefs, which refer to two foundations, namely the Qur'an and Al-Hadith (Suharso, 2014). In addition, this research is also expected to further enhance the limited literacy related to IWM (Azeez, 2014; Hukmi, 2017: 8). This paper is structured as follows: Section Two describes literature reviews on wealth and richness while Section Three discusses qualitative research methodology. Then, Section Four presents the case study findings, and finally, Section Five states conclusion and suggestions for further research.

2. Literature Review

2.1. Wealth and Richness

Wealth defines as: 1. everything that is economically valuable and measurable by price; 2. any useful object that can be bought, sold, or stored for future use (Webster, 2016). The concept of wealth in *fiqh muamalah* terminology uses the term *al-māl* or *al-amwal* which means leaning (Mas'adi, 2002: 9). Etymologically 'wealth' is everything that pleases humans and they maintain, both in material form and in benefits (Hasan, 2003: 55). The definition of 'wealth' from the perspective of Islamic law is everything that can be controlled, utilized, and

halal according to the provisions of *syara'* and has value, in addition to human pleasure to it (Ahmad and Ibrahim, 2006: 126).

The concept of wealth in Islam is very comprehensive (Muhammad, 2006: 19-20; Akbar, 2012: 138), while the richness in *sharia* terms is seen as the ownership of property in the amount of *nisab* or more than that, which exceeds primary and proper needs. The standard of richness is determined by tradition, namely what is considered rich by the community and has exceeded the community's standard of sufficiency (Ibrahim, 2005: 3-7). Inherited wealth refers to all assets mentioned in the Qur'an and Sunnah such as *zakat*, *waqf*, *sadaqah*, *infaq*, *faraid*, wills, and so on. Man-made wealth refers to assets that have been created by humans, such as Islamic banking and financial products, and so on. Social security wealth refers to assets that guarantee human welfare, such as *faraid*, *takaful*, and so on (Salleh, 2012: 234).

2.1.2. The Concept of Property Ownership

Human ownership of property is relative, limited to carrying out the mandate and spending it according to its provisions (Antonio, 2010: 24; Syahatah, 1998: 88), this is based on the words of Allah SWT in the Qur'an surah Al-Hadiid (57): 7 and surah Maryam (19): 40. Humans as *khalifah* of Allāh SWT are given the right to utilize it with full trust (Ismail, 2014: 73), as explained in the Qur'an surah Al-Baqarah (2):188, At-Taubah (9):103, Al-Hadid (57):7 and An-Nuur (24):33, Al-Baqarah (2):30, and Al-An'am (6):165.

Everyone is required to use part of his property rights to fulfill his life interests (*al-hajāh al-'udhawiyyah*) both individuals, community groups and the state. Because Islam recognizes the existence of private ownership (*al-fardiyyah*), the general public (*al-'jama'iyah*) and state ownership (*al-daulah*), and makes it the basis of economic buildings (Akbar, 2012: 124-125).

2.1.3. Retirement in Islamic View

Under the "life cycle of financial planning" theory (Family Economics and Financial Education, 2010), a person's retirement cycle generally starts from the age of 65 and above. Meanwhile, the Islamic view of pension terminology and practice state that in Islam having a career (working or productive activities) is a lifetime necessity (Gumilang, 2015: 182). Productive here means staying active in activities that are enjoyable and produce benefits for oneself, family and others (Kristina, 2014: 23), which is concluded from the Qur'an Surah Al-Hijr (15): 99. Once a person's condition or parents are too weak due to old age and unable to maintain themselves, then in Islam it is actually the responsibility of children to take care of their parents (Shafii et al., 2013: 317). If a person neglects this responsibility, then his or her actions are considered to be those of an arrogant and haughty person as warned by Allah in QS An-Nissa (4):36.

However, even though it is the child's responsibility in religion, Islam strongly encourages parents to voluntarily remove the burden from their children who also have responsibilities to their own families (Shafii et al., 2013: 317). Thus, in an Islamic perspective, retirement preparation management is seen as something good, since as long as man lives in the world he is bound by a series of *sunatullāh* which requires him to fulfill the demands of life in the world and prepare for his afterlife (Gumilang, 2015: 182).

2.1.4. The Concept of Utility

Once a person decides to allocate his income, he must choose the best way to utilize his money. In economics, a person's preferences (choices) are explained in the theory of choice. While determining the choice, a person must balance the needs, preferences and availability of resources (Nicholson, 2002; Haqan, 2011:1). There are three elements that influence a

consumer's preferences in consumption, among others: rationality, economic freedom, and utility (Haqan, 2011: 18).

The concept of utility is part of the individual preference model. Utility in language means usefulness, helpfulness, or advantage (Forum of Islamic Economics and Business Lecturers & Association of Islamic Economics Lecturers [FORDEBI-ADESy], 2016: 326). In general, the motive and purpose of consumption activities carried out by humans is to fulfill life needs or obtain the highest satisfaction and achieve a level of prosperity (Haqan, 2011: 32). Thus, in conventional economic theory, it is known that first, consumer behavior always seeks the highest satisfaction (utility), the determination of goods or services to be consumed is based on satisfaction criteria. Second, the only factor that limits this behavior is the income or the amount of budget he possesses (FORDEBI-ADESy, 2016: 326).

Therefore, the satisfaction or the pleasure that a person acquires from consuming goods or services is called usage value or utility (McConnell and Stanley, 2008: 126).

2.1.5. Maqāshid al-Sharī'ah

According to Al-Shāṭibi, the purpose of *sharī'ah* (*maqāshid al-sharī'ah*) is to create human benefits, both in this world and in the hereafter (Firdaus, 2014: 53). The ultimate goal of *maqāshid al-sharī'ah* agreed upon by scholars is to serve the interests (*jalb al-masāliḥ*) of all human beings and to save them from harm (*daf' al-mafāsīd*) (Dusuki and Bouheraoua, 2011: 317). The fulfillment of these *sharī'ah* objectives is a prerequisite for the successful implementation of humanity's role as God's representative (khalifah) on earth (Pramanik, 2002; Budiman et al., 2015: 138).

Dusuki and Bouheraoua (2011: 320) argue that Islamic scholars generally divide *maqāshid al-sharī'ah* into two main categories: general objectives (*maqashid 'āmmah*) and specific objectives (*maqashid khāssah*). Some scholars, such as Al-Shāṭibi, divide the general objectives or what is commonly expressed as *maṣlaḥah* into three levels: *ḍarūriyah* (primary / necessities), *ḥājīyah* (secondary / needs), and *taḥsīniyah* (tertiary / complementary / wants) (Firdaus, 2014: 56).

Ḍarūriyah are basic or primary needs. *Maṣlaḥah ḍarūriyah* includes the protection of five things: religion (*al-dīn*), soul (*al-nafs*), progeny (*al-nash*), wealth (*al-māl*) and intellect (*al-'aql*) (Firdaus, 2014: 56). These basic needs are defined as activities and things that are essential for the maintenance of the five basic things of individual and social life (Shafii et al., 2013: 58). Negligence towards the fulfillment of one of these needs will cause imbalance, disruption and overall chaos leading to destruction in the life of the world. This condition will also result in the loss of safety and grace in the afterlife. Meanwhile, *Hājīyah* is a secondary need, which serves to eliminate narrowness and difficulty in fulfilling basic human needs (*ḍarūriyah*) (Ismail, 2014: 107) and *Taḥsīniyah* is a tertiary need or everything that is intended to preserve the dignity of the *sharī'ah* goal of maintaining the five basic things (Firdaus, 2014: 58).

2.1.6. Islamic Wealth Management

Islamic wealth management is a new discipline within Islamic finance that focuses primarily on *sharī'ah* compliance. Islamic finance contracts comply with *sharī'ah* legal requirements derived from both primary sources (the Qur'ān and Sunnah) and secondary sources (e.g. *ijma'*, *qiyās*, *maṣlaḥah*, *Sadd al-dharā'ī'*, *Istiṣhāb*, *Istiḥsān*, *fatwa*, etc.) that already exist (Farooq, 2014:100). The main principles of Islamic finance are as follows: avoiding elements that are not compliant with *sharī'ah*; profit generation through risk and labor; transparency in disclosure, documentation and implementation; and asset-backed contracts that substantiate real economic activity. Meanwhile, some of the main restrictions on Islamic

finance are avoiding the following activities, among others: conventional financial services (including insurance) and industries related to pork, alcohol, prostitution, entertainment and gambling (Duriat, 2015: 6).

Furthermore, wealth or asset management in Islam according to Billah (2010: 33) is one way of managing personal assets or ownership by a person in relation to the provisions regulated in Islam based on *sharī'ah*. Then according to Shafii et al. (2013), Islamic wealth management is a financial services industry that includes two things, namely Islamic financial planning and investment portfolio management.

The main goal of Islamic wealth management is to achieve *falāḥ*, which means both success in this world and the hereafter (Shafii et al., 2013: 146). Shafii et al. (2013) emphasize that to achieve *falāḥ* a Muslim must strive in the way of Allāh with his wealth and self. By incorporating proper financial planning in accordance with *sharī'ah* at the beginning, this will guide a person or a Muslim family in achieving *falāḥ* (Shafii et al., 2013).

Ismail (2014) explains that the distinguishing factor of the wealth management process in Islam is the addition of the process of purifying wealth where zakat is the variable. Thus, the process of Islamic wealth management consists of: wealth creation, wealth accumulation, wealth protection, wealth distribution, and wealth purification. The following illustrates the process of Islamic wealth management:

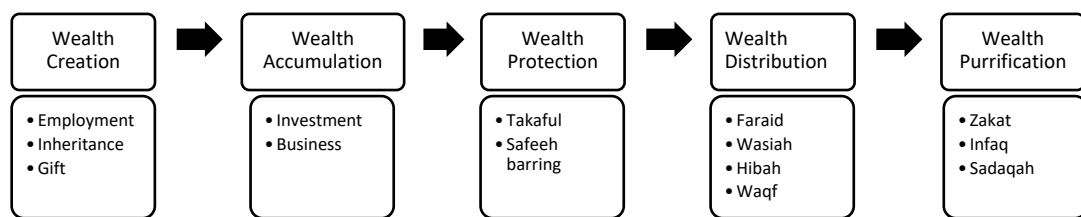


Figure 1. Process of IWM

This research seeks to obtain an overview of the practice of Islamic personal wealth management in two Muslim families who are at retirement age. The wealth management that has been carried out by the two families will be analyzed using the concept of the five pillars in Islamic Wealth Management (IWM), namely: 1.) Wealth Creation; 2) Wealth Protection; 3.) Wealth Accumulation; 4.) Wealth Purification; 5.) Wealth Distribution. At each stage of wealth management, the concept of utility theory will be applied to descriptively explain the use value behind an activity or financial product chosen by the two families. Then the concept of *maqāṣid al-sharī'ah* according to Al-Shāṭibi's thought will also be used to frame the wealth management of the two families. Through the overall analysis of the wealth management of the two families, it is expected that the Islamic personal wealth management strategy based on *maqāṣid al-sharī'ah* in two Muslim families who are at retirement age will be identified. Figure (2.3) below is the framework of the thinking process for problem solving.

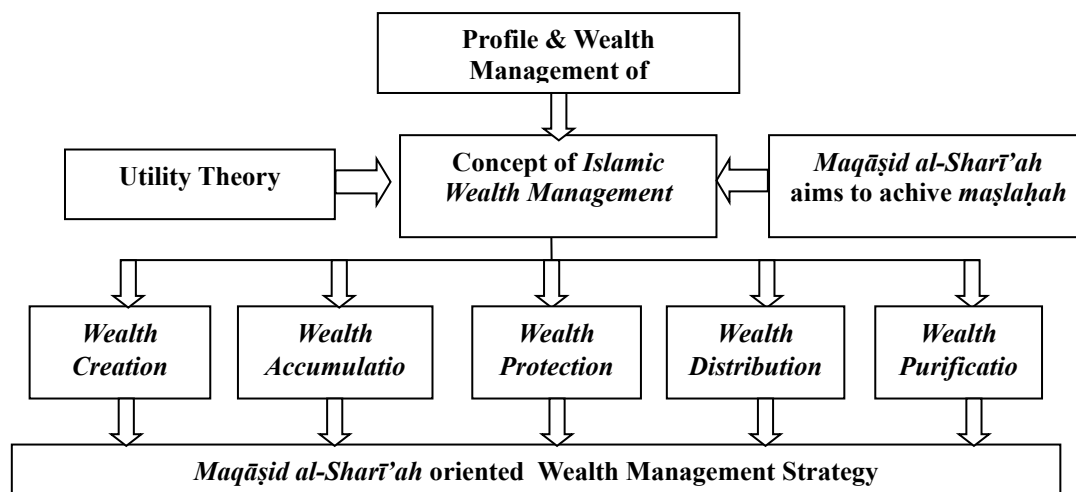


Figure 2. Problem Solving Process

3. Research Methods

This research uses a qualitative approach. Qualitative research has an inductive nature, namely the development of concepts based on existing data, following a flexible research design according to the context, or its non-rigid nature that allows researchers to adjust to the context in the field (Saebani, 2008; Abdullah and Saebani, 2014: 55). The research design used is descriptive case study research. Descriptive case studies are used to describe an intervention or phenomenon and the real-life context in which it occurs (Yin, 2003; Baxter and Jack, 2008). Based on its philosophy, this case study research approach uses the interpretivism (constructivism) paradigm. Stake (1995) and Yin (2003) in Baxter and Jack (2008: 545) both state that this paradigm claims truth is relative and depends on one's perspective. One of the advantages of the constructivism approach is the collaboration between the researcher and the participant which allows the participant to tell their story thus allowing the researcher to better understand the participant's actions (Lather, 1992; Robottom and Hart, 1993; Baxter and Jack, 2008: 546; Crabtree and Miller (1999) in Baxter and Jack (2008: 545).

Case study research is an in-depth study of only one group of people or events. There are three basic steps in a case study, namely: data collection, analysis, and writing. Abdullah and Saebani (2014: 71) also explain that in case study research, a single entity or phenomenon ("case") of a certain period and activity (can be a program, event, process, institution or social group) is explored, and detailed information is collected using various data collection procedures during the case. In Islamic economic studies, the case method can be used as one of the research methods by making one of the cases a problem to be investigated.

The scope of this research is limited to two Muslim family cases with the following criteria: the principal has entered the retirement age category, which is 65 years and above (Family Economics and Financial Education, 2010); having one spouse and children who are independent or married; and having financial literacy and family financial adequacy in retirement.

The two principals of Muslim families are the participants or informants in this study who were obtained using purposive sampling, which determines the sample with certain considerations that are deemed to be able to provide maximum data (Saebani, 2008; Abdullah and Saebani, 2014: 55). Research participants or informants are considered to have deep knowledge of information and problems and are trustworthy to be the source of appropriate data (Suprayogo and Tobroni, 2001: 166).

Primary data in this study is information obtained directly from participants through interviews and observations related to the management of their personal assets in retirement. Meanwhile, secondary data was obtained from various sources relevant to the research objectives. Secondary data are internal publications provided by participants for researchers and data that are publicly available and relevant to the topic being observed (Wahyuni, 2012: 73).

Data collection utilizes observational methods that are typically used from the qualitative research tradition, specifically staged interviews, and documentary methods of personal documents. Furthermore, the interview technique was conducted using a semi-structured approach, meaning a type of interview that lies between structured interviews and in-depth interviews. Furthermore, triangulation of data sources and theories was conducted.

The data analysis technique used is the approach by Abdullah and Saebani (2014: 224) which is described in the following data analysis process chart:

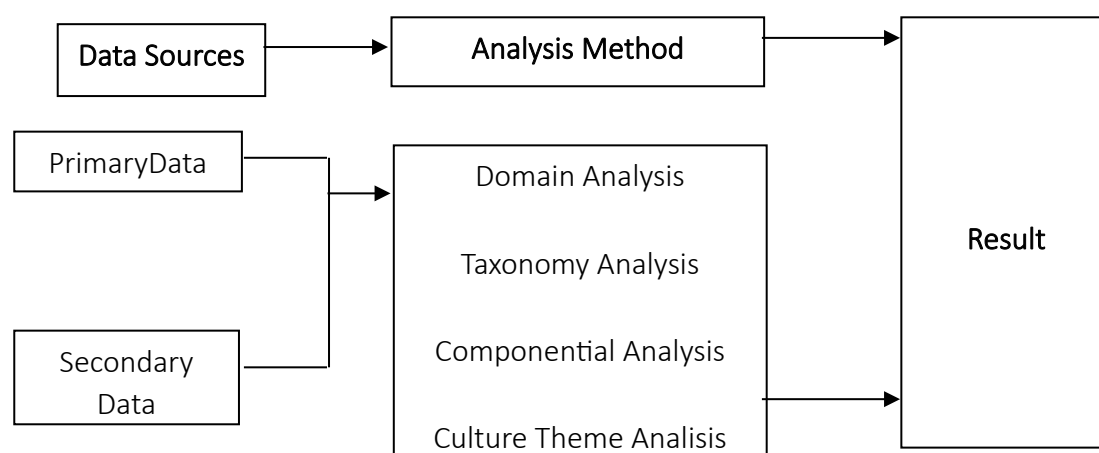


Figure 3. Data Analysis Process

4. Analysis and Discussion

In conducting the research, the data of 2 participants are analyzed using 4 stages analysis: domain analysis that provide general and comprehensive information about research object; taxonomy analysis to classified overall data into specified domains; componential analysis to highlight the contrast within domain; and culture theme analysis to integrate similarity interdomain.

4.1. Process of Obtaining Wealth (Wealth Creation)

A. Motivation and Principles in Obtaining Wealth

Participant I (Mr 'MN') at his productive age worked as a researcher in a government institution in the oil and gas sector. Meanwhile, participant II (Mr 'SD') has been running a business at the age of 26 and continued to work for an international company. Due to the different backgrounds of the two, they have different motivations and principal in doing work, including the following:

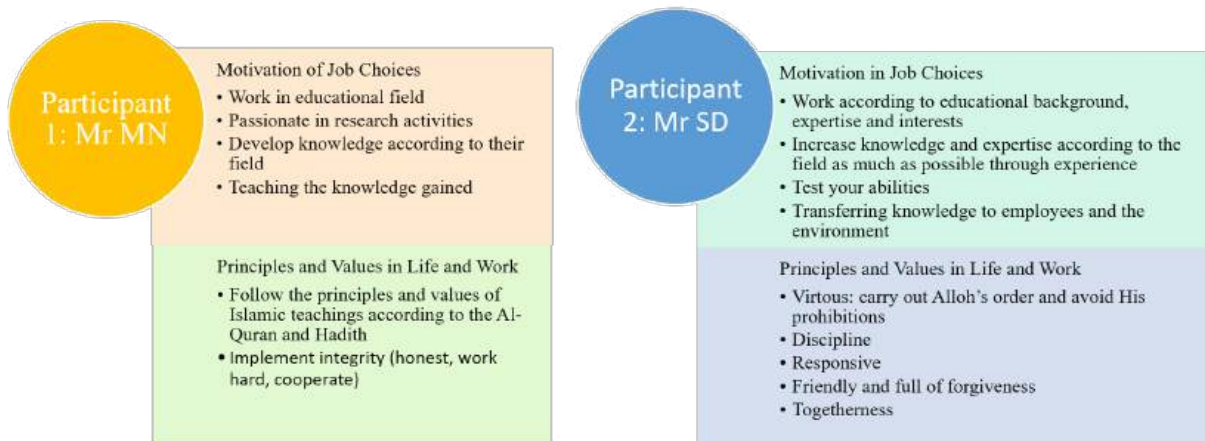


Figure 4. Motivation and Values of Working

Based on the information provided from the two participants, there are similarities in motivation of working. Likewise with the principles and values they practice in their work. Using framework of utility, participants were motivated to carried out work due to realization to get personal satisfaction. It can be in the form of income (material benefits) and chance to work based on interests and skills. However, apart from these motivations which are to fulfill personal desires, both participants also believe that work is form of worship. Thus, it is concluded that principle of religious protection (*hifdzu al-din*) are retrieved by both participants, namely the obligation to earn a living.

B. Source of Income at Working Age (25 years to 64 years).

The following picture shows the process of participant I (Mr 'MN') working at the age of 25 – 64 years to obtain wealth:

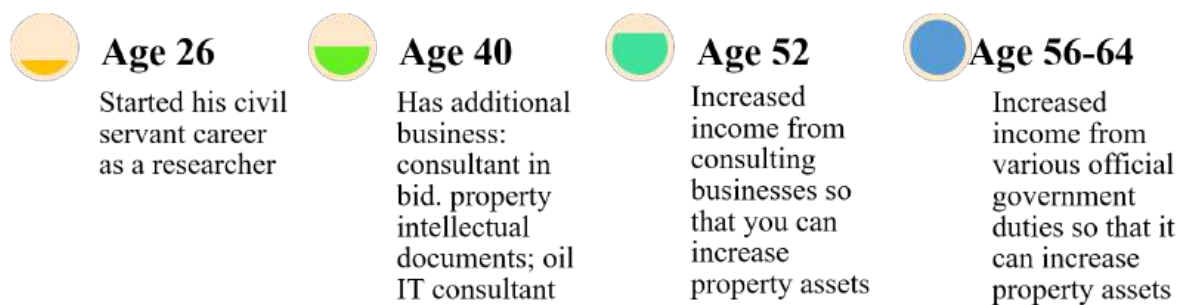


Figure 5. Stages of Income Sources For Participant I at Working Age

The following picture shows the process of participant II (Mr 'SD') working at the age of 25 – 64 years to obtain wealth:

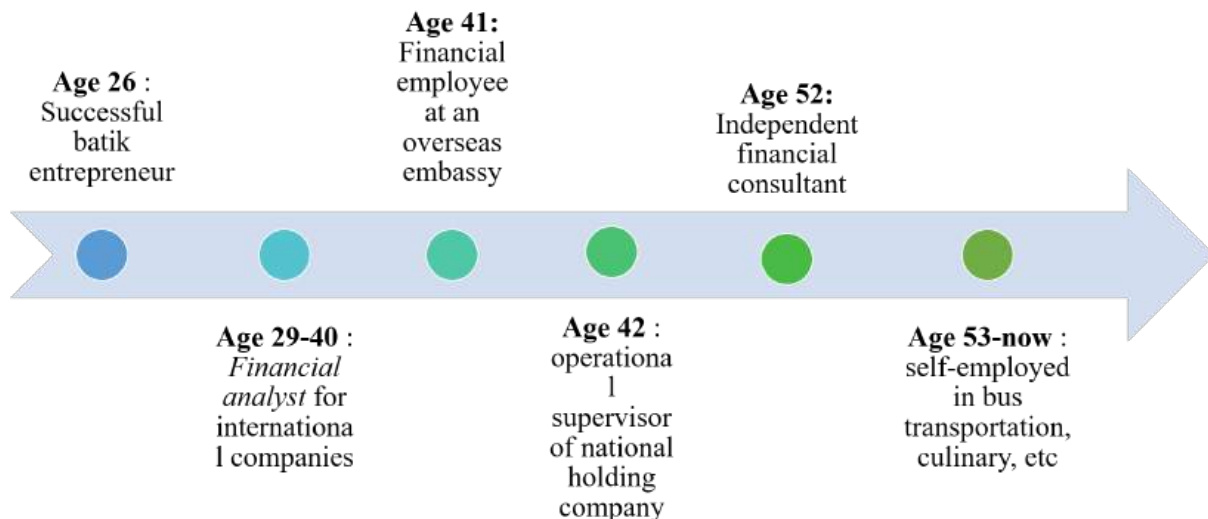


Figure 6. Stages of Income Sources for Participant II at Working Age

According to utility theory, a person prefers the product or activity that provide the highest satisfaction for him, in this context the job the highest paid income would be ultimate motivation. However, based on the career choices of the two participants above, the amount of material (income) gain does not always become the main motivation and satisfaction at work. as seen in participants' second step in their career journey.

The aspect of *maqāsid al-shari'ah* during both work period concluded that both had fulfilled the principles of protection towards religion (*hifdzual-dīn*), protection of soul (*hifdzual-nafs*), protection of progeny (*hifdzual-nasl*), and protection of intellect (*hifdzual-'aql*).

C. Sources of Living Costs at Retirement Age (65 years and over)

The following image shows the sources of income of the two participants at retirement age.

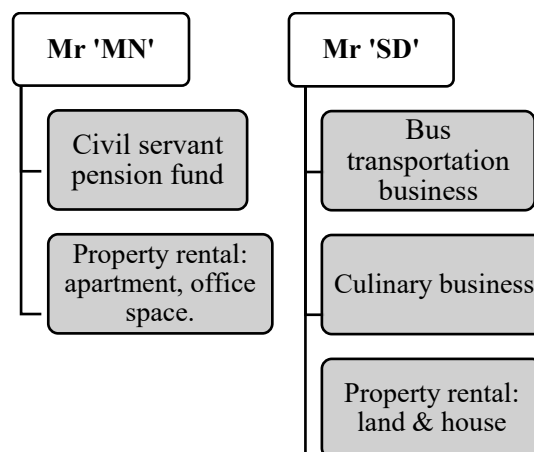


Figure 7. Sources of Living Costs for Both Participants at Retirement Age

The source of income that both participants have in retirement enables them to fulfill their living needs, including social activities and religious services.

D. Budgeting

The following shows the allocation of participant I's income (Mr 'MN') that were divided into salary from civil servant position and assets in retirement:

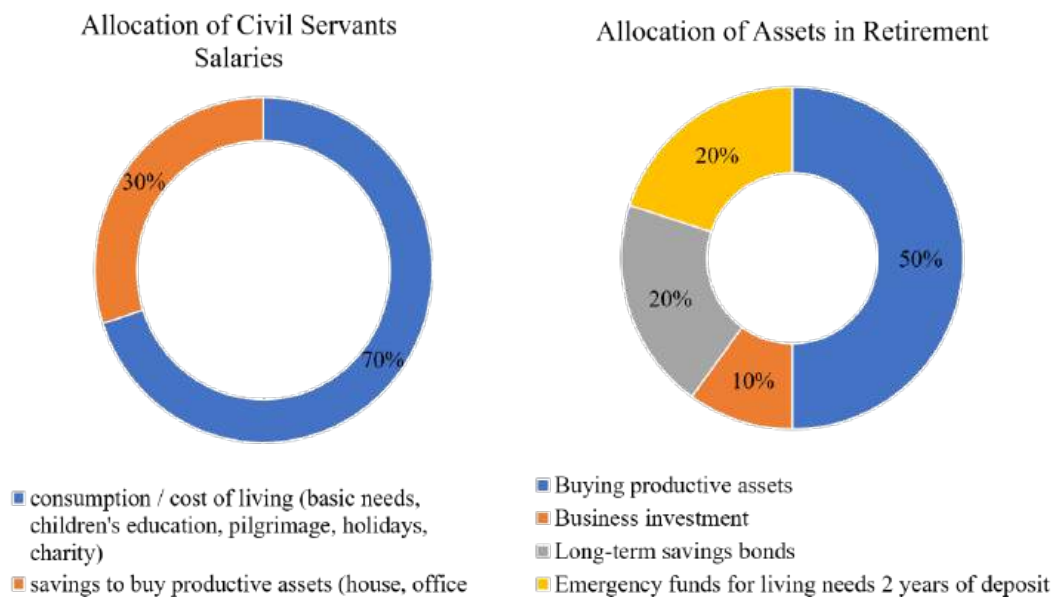


Figure 8. Allocation of Participants I at Retirement Age

Meanwhile, participant 2's income allocation is as follows:

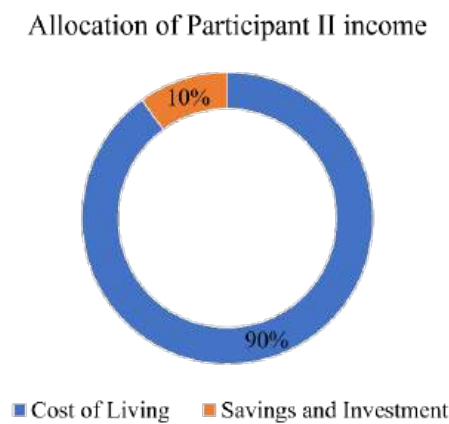


Figure 9. Allocation of Participants II at Retirement Age

Both participant I and participant II are tried to budget their income in an orderly manner. In the income distribution budget allocation, the similarities are the portion of living expenses is greater than savings. Also, both use the investment returns for needs.

E. Recording

The objectives in carrying out financial records periodically and regularly are shown below.

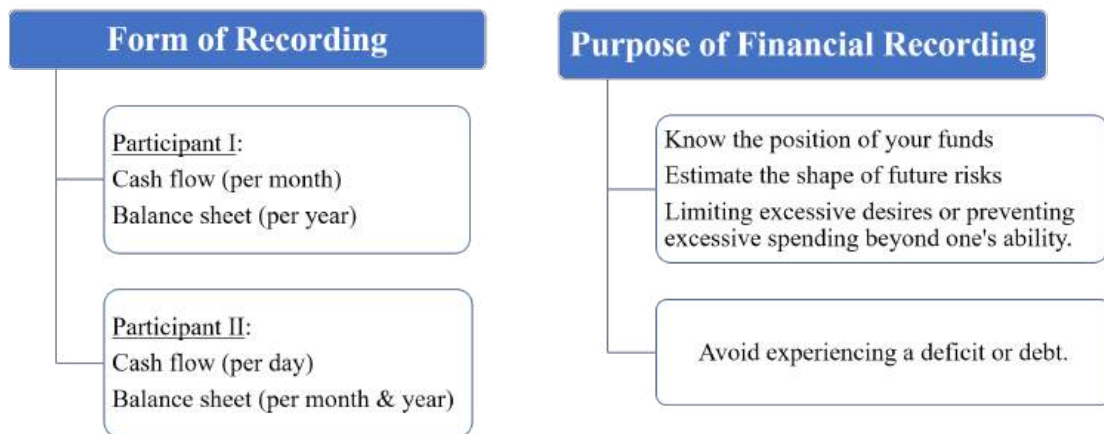


Figure 10. Objectives of Financial Recording

Both participants recorded their financial cash flow on regular basis. Likewise with occupied balance sheet report to shows overview of financial conditions periodically even differ in frequency. Participant II, as an entrepreneur, often creates balance sheets to monitor the condition of business and assets compared to participant I.

4.2. Property Protection Process (Wealth Protection)

A. Motivation for Asset Protection

Both participants are equally motivated to take various steps to anticipate risks in the future that could affect their property or assets. Both of them realized the unpredictable risk, thus risk management has to be incorporated in order to maintain family well-being. The motivation of the two participants in joining types of insurance shows the value of the insurance in their lives.

B. Takaful or Shari'ah Insurance

Both participants had used insurance as a step to reduce risks that could occur. Table (4.10) below shows the type of insurance currently used by the two participants along with the amount allocated from their income.

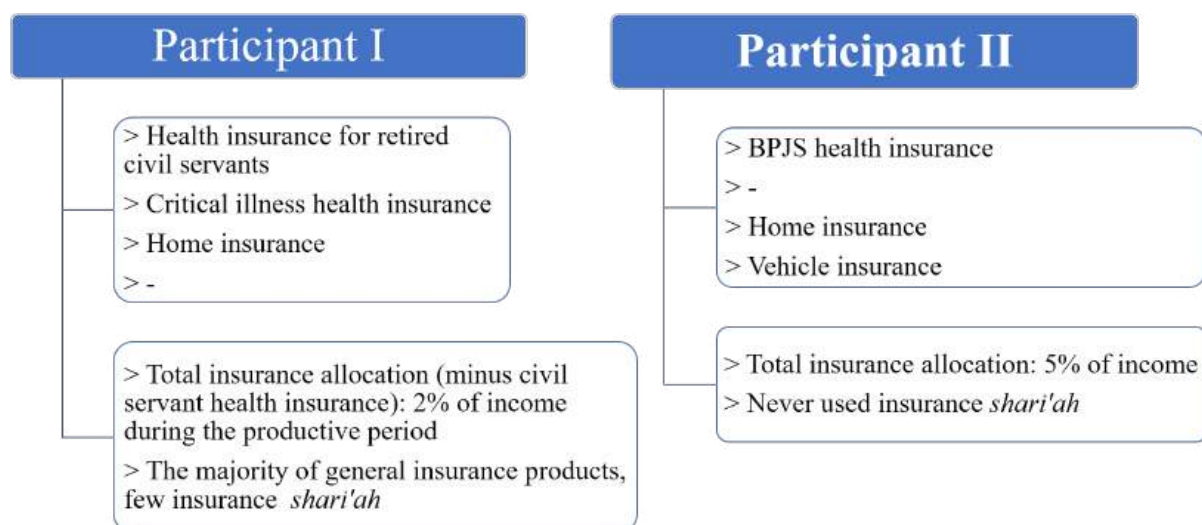


Figure 11. Types of Insurance and Its Allocation from Income

Based on the insurance activities carried out by the two participants at retirement age, they both preserve the aspects of *maqāsid al-shari'ah* wealth protection, also protection of soul (*hifdzual-nafs*) and family's health through health insurance. Then, based on the educational flow that was used by participant I (Mr 'MN'), there is the principle of maintaining offspring (*hifdzual-nasl*). Maintenance of reason or intellectual (*hifdzual-'aql*) is realized through health insurance for themselves and their families as well as education insurance for their children. Apart from that, there is principles of property maintenance (*hifdzual-mal*) Whichfunctions to protect assets so that they do not decrease suddenly if a disaster occurs through the form of home insurance and vehicle insurance.

The knowledge and understanding of the two participants regarding sharia rules has not yet reached the level of use of *shari'ah* insurance products or takaful. This can be caused by their lack of understanding of *shari'ah*

C. Emergency Fund

The following is table which shows the allocation of emergency funds for the two participants from sources of income (funds) as well as their capabilities and storage.

Table 1. Budget Allocation for Emergency Funds

Emergency Fund	
Participant I	Participant II
<ul style="list-style-type: none"> • Allocation of 20% of funding sources (sale of a property asset) • Sufficient for 2 years of living needs • Saved in deposit savings 	<ul style="list-style-type: none"> ▪ Allocation of 10% of monthly income ▪ Sufficient for > 3 years of living needs ▪ Saved in savings

In emergency fund preparation activities, utility theory cannot be applied. However, it has to be done for protection needs. Process this activity too does not cause satisfaction in consuming it.

D. Other Financial Sources as Asset Protection

Other forms of financial resources used by participants in asset protection measures is vary, including foreign exchange, precious metal, and productive soil properties. Utility theory also cannot be applied to property protection activities through other financial sources, because these activities will still be carried out as an alternative to protection needs. Judging from the motivation of the two participants to use other financial sources in wealth protection measures, it can be seen that this activity does not provide satisfaction in consuming it, however both participants thought that this activity was a step worth taking.

E. Constraint in Property Protection

Based on the explanations of the two participants above, it can be seen that participant I and participant II have different views regarding the obstacles faced in trying to protect assets from risk. The following table (4.13) shows the differences in obstacles faced by the two participants:

Table 2. Obstacle in Property Protection

Obstacles in Property Protection	
Participant I	Participant II
Risk of decline in the value of the Rupiah currency against the Dollar currency	Humans or individuals who are not committed and orderly in financial administration
Risk of losing stored gold	

4.3. Asset Development Process (Wealth Accumulation)

A. Motivation for Asset Development

Table 3. Motivation to Develop Assets

Motivation for Asset Development	
Participant I	Participant II
Productive age: <ul style="list-style-type: none"> ● Get security in life ● Sufficient living expenses ● Maintain health ● Help each other ● Paying zakat 	<ul style="list-style-type: none"> ▪ Meeting the growing needs of life ▪ Anticipate life difficulties that may occur in the future
Retirement Age: <ul style="list-style-type: none"> ● Maintain asset values so that retirement income sources do not decrease ● Fill the free time ● Get funds for social activities 	

Based on the two participants' explanations regarding their motivation for developing assets, it can be seen that what the two participants have in common in developing assets is to maintain the value of the assets they own from unexpected difficulties or risks in the future and to continue to meet their living needs.

Based on utility theory, a consumer will be motivated to make consumption choices for goods/services or activities that provide the highest satisfaction for themselves. If we look at Participant I's answer regarding motivation for carrying out wealth accumulation activities, it can be seen that consumers' motivation for accumulating wealth is not always aimed at gaining satisfaction for themselves. The motivation or goal of developing assets carried out by participant I is in line with the *shari'ah* goal, namely securing the value of assets so that the benefits can continue to be used for the benefit of society or the common good.

Based on the motivation for carrying out wealth accumulation from the two participants above, it can be seen that there are several aspects of *maqāṣid al-shari'ah* in this step, namely the maintenance of religion (*ḥifdḥul-dīn*), maintenance of soul and honor (*ḥifdḥul-nafs*), maintenance of offspring (*ḥifdḥul-nasl*), and property maintenance (*ḥifdḥul-mal*).

B. Investment for Asset Development

Table 4. Types and Budget Allocation for Investment

Participant Investment Steps I		Participant Investment Steps II	
Real investment→	Real investment→	Own business or partnership & productive property	Partnership & property business
Total investment allocation→	Total investment allocation→	<ul style="list-style-type: none"> ▪ Property: 10 % of income per month • Business: Bank Loans 	<ul style="list-style-type: none"> • Business: 10-20% of funds owned • Property: 50% of funds owned
Yield level→	Yield level→	<ul style="list-style-type: none"> ▪ Business: 20% per year • Increase in property value 15%- 50% per year 	<ul style="list-style-type: none"> • Property rental 8% per year • Increase in property value 15%- 20% per year

Based on information from the two participants regarding the investment steps they took to develop their assets, it is known that there are similar types of investment, namely business investment and productive property. They chose these two types of investment because they felt they were safer than other types of investment and could provide satisfactory results or benefits for them.

Utility theory in investment activities is applied to the accumulation of assets that continues to increase. If you pay attention to the development of assets through business diversification and investment, each investment has an increase in income up to a certain point and produces satisfaction that continues to increase. But there comes a time when these investments and businesses experience a saturation point, which is marked by a decrease in income and also a decrease in satisfaction. When this saturation point began, both participant I and participant II sold or disposed of businesses or property investments that no longer produced satisfaction.

C. Principles in Investing

Table 5. Principles in Investing

Principles in Investing	
Participant I	Participant II
<ul style="list-style-type: none"> ▪ Choose a business with little risk ▪ Choose a business in the field you are good at ▪ Choose a business that has a clear income system ▪ Choose a business partner who can truly be trusted 	<ul style="list-style-type: none"> ▪ Good administration ▪ The principle of caution when calculating funding capabilities ▪ Use feeling and confidence ▪ Innovate in business or develop a business

- Doing business alone (if you don't find a partner or business associate you can trust)
- There is business diversification

In utility theory, consumers will choose goods/services or activities that will give them maximum satisfaction. The principles that consumers believe in in the property development process help consumers make choices about the form of property development activity that can provide them with maximum benefits and satisfaction.

D. Constraint in Property Development

Obstacles faced by both participants in property development process are:

Table 6. Obstacles in Asset Development

Obstacles in Asset Development	
Participant I	Participant II
<ul style="list-style-type: none"> • Rental of property assets is hampered so emergency funds are used for maintenance costs. • Investment funds or assets are not returned because investments with other partners do not run smoothly. • Untrustworthy or deceptive business partners. 	<ul style="list-style-type: none"> ▪ Differences in perception or views with your spouse or business partner regarding the goals of developing assets. ▪ It is difficult to determine priorities in property development plans. ▪ Fear of outside influences.

Based on the two participants' explanations regarding the obstacles faced in the process of developing assets, it can be seen that these obstacles can come from outside or within themselves. Based on utility theory, the obstacles encountered can be a factor that limits the satisfaction of both participants in the property development process.

E. Monitor Asset Development

Monitoring the development of participant I's assets (Mr 'MN') is currently carried out by himself or without the assistance of an investment manager. Meanwhile, the process of monitoring asset development in participant II's business (Mr 'SD') is through cash flow reports which are made every day. Through supervision or monitoring activities, both participants can find out the development process and obstacles faced in property development activities. Thus, monitoring activities will make it easier for both participants to find out the level of profit or satisfaction value they obtain and understand the saturation conditions in the investments they make. This will also make it easier for them to make decisions about the next steps.

4.4. Wealth Distribution Process

A. Retirement Planning

The following is table which shows the financial planning for retirement for both participants. There are differences in retirement age and preparation of financial resources in retirement.

Table 7. Retirement Age and Financial Planning in Retirement

Participant I (Mr 'MN')	Participant II (Mr 'SD')
<p>Retirement age:</p> <ul style="list-style-type: none"> • Civil servants retire at the age of 65 years 	<p>Retirement age:</p> <ul style="list-style-type: none"> ▪ Entrepreneur's retirement period if health no longer allows him to work (no health)
<p>Financial Preparation for Retirement:</p> <ul style="list-style-type: none"> • Get civil servant pension money • Save and invest in real assets (productive property) and non-real assets (bonds, mutual funds, sukuk, insurance, etc.) • Prepared during the productive period 	<p>Financial Preparation for Retirement:</p> <ul style="list-style-type: none"> ▪ Saving and investing in real assets (productive property) ▪ Prepared during the productive period
<p>Constraints: none</p>	<p>Constraints: none</p>

Participant I (Mr 'MN') discovered the utility theory in his retirement planning, where during his productive period and experiencing an increase in income, he allocated his savings to buy various productive properties and invest long term. However, when civil servants enter retirement, their income and investment activities decrease. So that in retirement, participants enjoy more income from investments made during their productive years. Meanwhile, for participant II (Mr 'SD'), utility theory was not visible in his retirement preparations, because as long as he was still active as an entrepreneur, his savings and investment activities were still ongoing and did not decline until his retirement (no longer able to work due to health).

Financial planning for retirement has *maqāsid al-shari'ah* aspects in the form of preservation of soul and honor (*hifdzu al-nafs*). both participants are at retirement age. Life care is implemented through a plan to prepare funds for retirement needs, such as maintaining a healthy lifestyle, both physically and psychologically.

B. *Islamic Estate Planning* (Inheritance, Wills and Grants)

Based on the information from participants I and II above, both participants has different understanding regarding Islamic planning for the distribution of assets through inheritance, wills and gifts.

Table 8. Views regarding Inheritance and Will

Participant I	Participant II
<p>Inheritance & Will:</p> <ul style="list-style-type: none"> • Agree with the distribution of inheritance & will according to shari'ah • Have made an Islamic inheritance & will distribution plan • Know and study the distribution of inheritance and wills through books and consultation with scholars. • There are no obstacles in making plans. 	<p>Inheritance & Will:</p> <ul style="list-style-type: none"> ▪ Agree with the distribution of inheritance & will in accordance with community norms. ▪ Have not made a plan for dividing inheritance & will according to Islam ▪ Have not paid attention to and studied the distribution of inheritance and wills according to Islam.

- Obstacles include feelings of reluctance among family members (wife and children) and taxes

Grant:

It is already done

Grant:

It is already done

Inheritance planning activities (estate planning) through Islamic inheritance law and grants have *maqāṣid al-sharī'ah* aspects that is and the maintenance of offspring (*ḥifḍu al-nasl*), This can be seen in Islamic inheritance law which clearly states the distribution of property to descendants and functions to maintain family relationships from conflicts over inheritance, while gifts are also aimed at maintaining the lives of descendants.

C. Waqf

Waqf process for both participants:

Table 9. Waqf Activities

Participant I (Mr 'MN')	Participant II (Mr 'SD')
<ul style="list-style-type: none"> • He once made waqf for the construction of mosques and schools. • There are no future plans for waqf yet. • There are no obstacles in its implementation. 	<ul style="list-style-type: none"> ▪ He once made waqf for the construction of mosques and schools. ▪ There are future plans to donate land for community activities. ▪ There are no obstacles in its implementation.

Even though the two participants responded to retirement age differently, they both remained productive and empowered at retirement age. In this case, through the wealth distribution process in retirement, both of them apply the maintenance of reason by continuing to work through distributing assets to social activities or through waqf.

4.5. Purification of Wealth Process

A. Motivation and Principles for Implementing ZIS

Based on the opinions of the two participants regarding the motivation and influence felt after completing the ZIS, the conclusions can be seen in table below:

Table 10. Motivations and Effects of ZIS implementation

Motivation to Implement ZIS	Effects of ZIS Implementation
➤ Allah SWT order based on the Koran and Al-Hadith.	➤ In yourself: feeling calm, joy, and gratitude.
➤ Form gratitude and happiness.	➤ In the surrounding environment/community: helping the economy.

- The desire to help others selflessly (sincerely).
- In organizations/institutions/companies: performance increases, member or employee relationships are more unified because there is mutual help/mutual cooperation.

The motivation and principles expressed by the two participants show that the implementation of ZIS is not based on getting satisfaction and benefits for oneself but also for the satisfaction and benefits of others. This condition is in contrast to utility theory where determining the consumption of goods/services or activities is based on the highest satisfaction that will be obtained for oneself. As long as consumers have a budget, they are free to consume the goods/services and activities they want without considering other people's interests or sharing with other people.

D. Implementation of ZIS and obstacles faced

How to implement ZIS for both participants at retirement age:

Table 11. Implementation of ZIS

Participant I (Mr 'MN')	Participant II (Mr 'SD')
<ul style="list-style-type: none"> ● Spend 10% of income per year (2.5% zakat and 7.5% alms donations) ● Paid directly to people in need per month ● There are no obstacles 	<ul style="list-style-type: none"> ▪ Spend 5% of income per year (2.5% zakat and 2.5% alms donations) ▪ It's better to invest in knowledge ▪ Paid directly to people who need it monthly ▪ Channeled through the official ZIS Institution ▪ The problem is that when a business experiences a loss, ZIS is taken from savings ▪ The problem with distributing knowledge is finding people who want to receive the knowledge they have mastered.

Utility theory cannot be applied to the process of purifying assets, because this process is an obligation that must be carried out continuously. The level of satisfaction in purifying assets also does not have a point of saturation or boredom. The more wealth purification is carried out, the calmer the two participants will feel. Therefore, if utility theory is applied to wealth purification activities, the satisfaction curve will continue to increase.

Maqāṣid al-shari'ah aspect in this wealth purification activity, it involves maintaining religion (*ḥifdzu al-dīn*). This is clear because zakat as a form of purification of wealth itself is one of the pillars of Islam. Apart from that, in the activity of purifying assets there is a principle of preserving human souls and honor (*ḥifdzu al-nafs*), namely the needy and poor. Then it is known that there is a principle of maintenance of reason (*ḥifdzu al-aql*), because the process of purifying assets carried out by both participants had a calming effect on their minds. Apart from that, it is also known that the process of purifying assets is an act of preserving assets (*ḥifdzu al-mal*) which is explained by the postulate. The benefits obtained cannot be calculated financially, but the benefits of maintaining assets spiritually are by carrying out the process of purifying the assets of the two participants which were obtained using halal methods to make them cleaner.

Table 12. ZIS Implementation and Its Obstacles

Participant I (Mr 'MN')	Participant II (Mr 'SD')
<ul style="list-style-type: none"> • Spend 10% of income per year (2.5% zakat and 7.5% alms donations) 	<ul style="list-style-type: none"> ▪ Spend 5% of income per year (2.5% zakat and 2.5% alms donations) ▪ It's better to invest in knowledge
<ul style="list-style-type: none"> • Paid directly to people in need per month 	<ul style="list-style-type: none"> ▪ Paid directly to people who need it monthly ▪ Channeled through the official ZIS Institution
<ul style="list-style-type: none"> • There are no obstacles 	<ul style="list-style-type: none"> ▪ The problem is that when a business experiences a loss, ZIS is taken from savings ▪ The problem with distributing knowledge is finding people who want to receive the knowledge they have mastered.

Utility theory cannot be applied to the process of purifying assets, because this process is an obligation that must be carried out continuously. The level of satisfaction in purifying assets also does not have a point of saturation or boredom. The more wealth purification is carried out, the calmer the two participants will feel. Therefore, if utility theory is applied to wealth purification activities, the satisfaction curve will continue to increase.

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5. Conclusion

The research shows that participants have implemented most of the components of Personal IWM. The participants are driven to and believe in the principle of working as worship (wealth creation), motivation to protect wealth to feel secure and peace of mind (wealth protection), but participants have limited understanding of Islamic insurance. Further, participants developed their wealth in order to protect its value from future unexpected risks (wealth accumulation); participatory carrying out ZIS in order to obey Allāh's commands (wealth purification), and eventually already planned inheritance law according to Islamic teachings (wealth distribution).

Constraints of the research mainly is the limited data obtained thus it may not serve as a benchmark for other researchers. In addition, the tax management concept not yet included. Furthermore, the analysis for the application of *maqāṣid al-shari'ah* has not used a research tool that has certain parameters so it is not easy to be used in other studies.

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