BEST DIGITAL WALLETS

REFINANCING VS. HOME EQUITY LOAN

PRIMER: UNIVERSAL HEALTH CARE

APRIL-JUNE 2021
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Family Inc.

Any organization—charity, church, country—can be run like a business. A family is the smallest unit of organization. So, you can run your household just like a business. Here are some ways you can do this:

Craft a mission statement. An organization must have a purpose for why it exists. Your family is not there by accident. How can your family be a force for good? What are the common values you share and aspire to? Write a one-line mission statement along with a list of core values. In our case, we use this Bible verse as our mission statement: "To grow in wisdom and stature, and in favor with God and man." Get everyone involved and inspired!

Set goals. If you want to get things done in your family, set clear and achievable goals. And it is not just stuff like chores or grades. You should include character traits you want to be developed. Write them down. As much as we can, we zero in on one character trait at a time that we all need to work on. We talk about what we need to do for the week and then later report what we did to make it happen.

Divide your roles. Be specific about your responsibilities. The father can be the Chairman or CEO, setting the direction, overseeing the family, and ultimately be held responsible. The mother can be the COO, executing the day-to-day household work and family goals. Similarly, the husband can be the CIO handling investments while the wife can be the CFO managing the budget.

Introduce systems. To run your household like clockwork, create systems for doing everything, from creating the menu to cleaning the house. Use checklists, flowcharts, and schedules that are easy to follow. You print these out and you just make it clear to everyone what needs to be done and what has been achieved for each day or week.

Hold meetings. Make sure everyone is on the same page by having family meetings. It can be weekly or monthly. Or it can be on an as-need basis. This is where you bring up plans, discuss areas of improvement, and report on progress.

Delegate tasks. Everyone needs to contribute to the household's daily operations. Even if the husband is the sole breadwinner, he should do his share of chores. And even if you have house help, your kids should have daily chores as well.

Outsource some work. Having an army of helpers, cooks, and drivers doing everything for you can be self-defeating. Even if you have help, it is important that everyone in your family still do chores. Even Bill Gates washes the dishes every night! But things that may be too time-consuming or requires skilled experience like deep-cleaning, plumbing, or auto-detailing can be outsourced.

Give incentives. Not all chores or work should be tied to rewards. Your main responsibilities are your contribution as a member of your family. You do not get paid for those. But extra chores and initiatives can be rewarded. Incentives can be money, extra gadget time, a chore break, or anything that is meaningful to that person being rewarded.

Celebrate wins. While you do not work for a good grade, job promotion, or a cleaned-out garage just to get a reward or recognition, you should celebrate these wins. Of course, you want excellence and achievements to be intrinsic values. But extrinsic rewards can serve as bonuses for a job well done. In our case, we usually order a feast of special food to celebrate.

Keep to your budget. Allocate your resources to spending, saving, investing, and giving categories. And stick to your budget. Update your financial plan at least once a year and discuss it with your family. And if you need to cut back, get everyone to participate. For example, when we prepare for a big vacation, we all agree to cut some expenses for the month leading to our holiday.

Maximize returns. Make sure you are cash flow positive and use your surplus properly. Set aside a fund for family emergencies and get insurance for possible catastrophic losses. And invest for long-term goals like retirement and education.

Think like a shareholder. Remind everyone that you are all in this family together. Yes, you all enjoy the rewards of great vacations, gadgets, and good food. But you all also share in the responsibilities of doing chores, sticking to the budget, and performing well. Think like an owner, not an employee. We always remind our children: You do these things not because you are told to but because that is your contribution to the family. You have a stake in your family's success. MS

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Do GOOD: How to Negotiate & Restructure a Loan You're Struggling to Pay Off

By EFREN LL. CRUZ, RFP®

"Do good. Look good. Feel good." When I was a young boy, I would see that slogan painted on the wall inside an army camp where I used to live. I did not expect to be using the same slogan in personal finance many, many years down the road.

At Personal Finance Advisers Philippines Corporation (PFA), our corporate social responsibility all year round is to help Filipinos get out of debt, hence our use of the acronym GOOD. We just added EnRich™ for branding.

We offer EnRich™ GOOD as a service to Filipinos who are not just going through difficulty paying their debts but to those who are substantially past due. How much past due? At least 180 days past due.

When a person borrows money from a financial institution, he is told of his obligations and rightfully so. However, he is not informed of his rights particularly when he encounters difficulty in repaying his debt. But before I continue, I need to point out that our EnRich™ GOOD program is only for those who do not willfully miss on their loan payments.

So, instead of fearing the worst, here are some of the things that responsible borrowers must know about their loans:

1. Article III, Section 20 of the Philippine Constitutions states that no person shall be imprisoned for debt or non-payment of a poll tax.

2. Most anything can be negotiated, including past due loans. At least for credit cards, there is a BSP regulation that states that if a bank 's credit card receivables are more than 180 days past due, such receivables should be written off. So, if the bank is able to collect such past dues, the collection can be booked as income once more. And when restructuring (i.e., presentation of a new repayment schedule) is being requested, according to the BSP, these must be crafted also with the repayment capability of the borrower in mind.

3. Banks do not give up that easily in collecting. Although they should not be spending money on such past dues, they hire external collection agencies (ECAs) to do the collecting work for a success fee. Such ECAs are replaced periodically not only to pressure them to collect faster but also to lead the borrower into submission (i.e., just to do away with confusion and irritation from having to talk to many parties over a short period of time). Some ECAs require down payments. In an advisory to the public dated 4/29/15, the BSP says that payments are not required prior to the grant of restructuring.

4. Credit card holders may request for restructuring under the Interbank Debt Reduction Program (IDRP). According to the IDRP, "Debtors who wish to avail of the program must have credit card accounts that are at least six months old, with an outstanding balance of at least P10,000 per card and total credit card obligations of at least P100,000 for all cards. If your bank is a participant of the program, acceptance is at their discretion once the proper documents are submitted. Once you are accepted in the program, you will not be able to use any of your credit cards, whether they are delinquent or not."

5. Filing for insolvency should be the last resort as it is expensive, time consuming, and does not guarantee that debts can be rid of.

Now when it comes to harassment by debt collectors, borrowers need to be aware that the following are unfair debt collection practices prohibited by both the BSP and SEC:

1. The use or threat of use of violence or other criminal means to harm the physical person, reputation, or property of any person.

2. The use of threats to take any action that cannot legally be taken.

3. The use of obscenities, insults, or profane language the natural consequence of which is to abuse the borrower and/or which amounts to a criminal act or offense under applicable laws.

4 Disclosure or publication of the names and other personal information of borrowers who allegedly refuse to pay debts, except as may be allowed by pertinent laws and regulations.

5 Communicating or threatening to communicate to any person loan information, which is known, or which should be known, to be false, including the failure to communicate that the debt is being disputed, except as may be allowed by pertinent laws and regulations.

6 The use of any false representation or deceptive means in the collection or attempt to collect any debt or to obtain information concerning a borrower.

7 Making contact at unreasonable/inconvenient times or hours, which shall be defined as contact before 6 AM or after 10 PM, unless the account is past due for more than 15 days, or the borrower has given express consent that the said times are the only reasonable or convenient opportunities for contact. Such consent, which shall be evidenced by written, electronic or recorded means, may be given prior to, during, or after the execution of the loan agreement.

8 Notwithstanding, the borrower 's consent, contacting the persons in the borrower 's contact list other than those who were named as guarantors or co-makers shall also constitute unfair debt collection practice.

If collectors persistently threaten, insult or deceive, borrowers may report such erring collectors' practices to the following:

For BSP-supervised lenders:

1 Financial Consumer Protection Department (FCPD). Consumer Assistance - Direct Line: 02 8708-7087; Facsimile: 02 8708-7088; Email Address: consumeraffairs@bsp.gov.ph

2 For SEC-supervised lenders like Internet online lenders and other microfinance firms: http://www.sec.gov.ph/lending-companies-and-financing-companies/complaints/

3 For lenders who misuse, maliciously disclose, or improperly dispose of personal data, the same may be reported as follows:
- National Privacy Commission (https://www.privacy.gov.ph/mechanics-for-complaints/#complain2)
- National Bureau of Investigation—Cybercrime Division (ccd@nbi.gov.ph)
- Philippine National Police - Anti-Cybercrime Group (acg@acg.pnp.gov.ph)

Remember, repaying a loan is just par for the course. The borrower should do everything in his power to perform his obligation. However, you also do not hit a borrower when he is already down as a borrower has rights too.

And to borrowers, do not waste time being engulfed in fear and self-pity. Do GOOD (get out of debt). You will not only do good but look good and feel good as well.

Efren Ll. Cruz is a Registered Financial Planner of RFP® Philippines, seasoned investment adviser, bestselling author of personal finance books in the Philippines. He may be reach through "Ask a Friend, Ask Efren" free service at www.personalfinance.ph, SMS, Viber, Twitter, LinkedIn, WhatsApp, Instagram, and Facebook.

8 Best Digital Wallets in the Philippines

By EXCEL V. DYQUIANGCO

Falling in line at payment centers, banks, or cashiers inside shopping malls to pay for your bills or purchases can be quite inconvenient and time-consuming, which takes your time away from doing other worthwhile activities. However, thanks to the introduction of more e-wallets in the Philippines, you no longer have to queue in line. You can now buy from online stores all over the world and pay for bills without leaving the comfort of your home.

Here are 10 e-wallets in the Philippines that you can download on your phone to help you determine which e-wallet is right for you.

GCash

GCash takes care of all the necessities for your purchases. Using the e-wallet, which is available on all mobile networks, you can top up your load, send and receive money instantly, and pay house bills to over 400 billers. You can also use GCash to pay your purchases or bills in certain physical stores by checking their in-store QR codes if they're GCash partners.

Aside from these features, you can ship internationally with GCash's American Express Virtual Pay feature or start a small investment online for as little as P50.

However, not all the app's features are free. It's worth remembering that there are fees associated with cashing out at GCash locations and sending remittances. When you hit the monthly limit of P8,000, cashing in over the counter incurs a 2% service charge.

Lazada Wallet

Those adding to cart can take advantage of Lazada Wallet, a built-in e-wallet on the Lazada app that you can use to pay for your Lazada transactions. It's easy to pay with the app. Simply choose Lazada Wallet as your payment method when checking out.

If you've accumulated enough points, you'll be able to take advantage of exclusive offers such as free delivery and discounts. You may also use the Lazada Credit Card to purchase cell data, pay bills, apply for loans, and shop online.

PayMaya

PayMaya is a multi-purpose e-wallet that lets you buy mobile credits, send money, make bank transfers, and pay bills. This digital wallet, however, differs from other e-wallets in that it contains both virtual and physical prepaid cards, allowing you to conduct further transactions.

The built-in virtual card, which is operated by VISA or Mastercard, is intended for online shopping, flight booking, and other digital services. The physical card, which has an EMV chip and can be connected to the app, can be used in physical stores that accept credit or debit cards to make purchases.

However, some PayMaya facilities, such as sending money via Smart Padala or other remittance centers, come with additional fees.

PayPal

PayPal is convenient for those who buy from a variety of foreign brands and subscribe to international streaming services. The e-wallet is widely embraced, with over 10 million online stores accepting it around the world. It's also popular among freelancers because it allows them to send and receive money from any venue.

It is well known for its security, in addition to its universality. It has encryption, which hides payment information. It's also simple to get started with PayPal—simply connect your account to a credit or debit card issued by a Philippine bank.

However, bear in mind that not all its services are free. Service fees apply to certain purchases, such as accepting payments both domestically and globally. Also, the currency exchange rates provided by PayPal are not as good as those offered by other inter-currency money transfer services, so scour around for the best price when sending money or paying for products from another country.

GrabPay

Loading your GrabPay e-wallet can come in handy if you use Grab services for your regular commutes or lunches. GrabPay is an electronic wallet that you can use to pay for all your GrabCar, GrabFood, and GrabExpress charges.

Apart from making transportation and meal delivery easier, the e-wallet can also be used to pay in physical stores like Starbucks and SM Store, as well as on shopping websites like Zalora. There's even a way to pay bills online.

Once you've accrued enough Grab points, you'll be able to swap them for discounts on rides or other benefits, such as three months of Spotify Premium for free.

Moneygment

Making sure the Social Security System (SSS), PhilHealth, Pag-IBIG, and Bureau of Internal Revenue (BIR) contributions and payments are done correctly and on time

can be a headache for freelancers or small-and medium-business owners. Fortunately, moneygment will help you handle your government insurance and tax payments in this situation.

Moneygment allows you to transfer money, pay taxes, utilities, insurance, and invest. But there are convenience fees and expensive app fees associated with using the wallet's services.

Coins.ph

If you've always wanted to try buying bitcoin, Coins.PH is a great place to start. You can buy and sell bitcoin as well as convert your cryptocurrencies from bitcoin to Philippine peso and vice versa using this e-wallet. These transactions, however, are only possible within the Philippines.

Gamers would appreciate it because this digital wallet allows them to purchase game credits for use in popular games such as Minecraft and League of Legends. If you use the MRT and LRT often, you can use the e-wallet to reload your beep card.

Aside from these specific features, it offers services similar to other e-wallets, such as cashing in and out of your bank account, purchasing mobile load, sending and receiving remittances, and paying bills.

7-11 CLIQQ Pay

CLIQQ Pay would be useful for people who live near or often visit 7-11 stores because it contains an e-wallet that can be used to buy goods from 7-11 stores by showing a barcode to the cashier. Any purchase will gain you points, which you can use to redeem offers in your Rewards Catalog.

Siopaos, Gulp drinks, Big Bite Jumbo Classic Hotdogs, and the classic 7-11 ulam packs are often included in deals. You may also send or receive prizes as gifts, as well as exchange points with your mates. MS

Refinancing vs. Home Equity Loan: How Do You Choose?

By JESI BONDOC, RFP®

A home does not only provide shelter but also a source of additional borrowing power for homeowners. If you need extra cash, you can use your property to finance other goals like home improvement or debt consolidation. It can also open new ways to improve your monthly cashflow. Unlocking the value of your home can be done either through mortgage refinancing or home equity loan.

These loan options might be similar in a sense that both can turn your home's value into funds, but they are not entirely the same. Before deciding on which path to take, it's better to examine these options carefully and understand what works best for your current situation.

What is Mortgage Refinancing? Refinancing is the process of substituting an existing loan with a new one. In short, you borrow money to pay off what you previously owed with a new set of loan terms.

Pros of Refinancing. Refinancing may entail additional costs and the process is quite similar to what you've done with your old loan application. Considering the amount of time to be spent and potential cost of refinancing, why bother doing it? Here are some benefits that you can get from refinancing:

❶ **Save money on interest.** One obvious reason why you'd refinance your loan is to save on interest charges. This entails having to secure a lower interest rate compared to what you are currently paying for your existing loan. Interest rates matter. Lowering the interest rate by just 1% is potentially a money-saving mechanism for you as it can reduce your monthly amortization.

❷ **Improve your spending power.** As refinancing can potentially reduce your monthly mortgage payment, consequently, it can provide you with additional cash that you can budget to spend for your other needs.

❸ **Help pay off maturing loans.** Some types of loans require the borrower to make huge or balloon payments towards the end of the loan. If in case you are faced with this scenario and unable to raise the huge amount of the required payment, refinancing makes sense. Take out a new loan and use the proceeds to pay off the old one.

❹ **Opportunity to switch on rate type.** If you have a variable rate, meaning the interest rate of your loan changes over time, and you expect that interest rates will go up, refinancing with a fixed interest rate loan might be beneficial for you as it provides financial stability when you prefer fixed and steady payments.

Cons of Refinancing. While refinancing proves to give financial relief, there are also certain things you need to look out for.

❶ **Refinancing costs.** Refinancing process might entail transaction and booking costs. The lender often requires you to pay the valuation fee for the appraisal of your property, legal and documentary stamps, etc.

❷ **Loan Term.** Depending on the new term set out during refinancing, it may take longer for you to pay off your home compared to your original loan. Additionally, extending the loan term over a longer period of time also means extended charges of interest for you. Crunch your numbers if the reduced monthly amortization outweighs the added years of interest payments.

Now, let us move on and examine your other option, home equity loan.

What is a Home Equity Loan? It is a type of loan wherein the lender lets you borrow a lump sum based on the equity value of your home. You may use the proceeds for your other goals like home improvement, tuition fee, debt consolidation, and others. Typically, the lender will let you borrow up to 80% of your home equity and you pay back the loan at a variable or fixed interest rate and term.

Equity is the difference between your home's market/ assessed value and the outstanding balance of your existing home mortgage.

For illustration purposes, say your home is currently valued at P3,000,000 and your mortgage balance is P1,000,000 and your lender lets you borrow up to 80% of your home's value, here's how much you can borrow:

P3,000,000 x 80% = P2,400,000 maximum amount of equity that can be borrowed

P2,400,000 less P1,000,000 (outstanding mortgage balance) = P1,400,000 total amount that will be approved for the loan.

Pros of Home Equity Loan. Here are the advantages of getting a home equity loan:

❶ **Lower interest rates.** Typically, the interest rates of home equity loans are lower than personal loans and credit card advances. Home equity loan rates in the Philippines average around 7% to 9% a year compared to personal loan rates that could go as high as 26% annually.

❷ **Lower monthly payments.** With lower interest rates, a home equity loan can be a great tool to use to pay off your existing loan. Consolidating your loan with a lower interest rate equates to having lower monthly payments, thus freeing up some of your cashflow.

❸ **Easy to obtain and few restrictions on how to use the fund.** As the loan entails to use your home as collateral, obtaining the loan is relatively easier compared to other loan types. Home equity loans provide easy source of cash that may be used for any purpose by responsible borrowers.

Cons of Home Equity Loan. A home equity loan is not without risks. Here are things to watch out for:

❶ **Your home is at risk.** A home equity loan is a secured loan. It means collateral is required to get the loan. In this case, your home is your collateral and because you are borrowing against your home, if you can't fulfill your monthly payments, then you are at risk of losing your home.

❷ **Having a second mortgage.** Taking out a home equity loan and using the proceeds other than home mortgage consolidation will essentially result to having two mortgages to pay. If you fail to properly take into account your paying capacity, debt-to-income ratio and regular household expenses, then you are also at risk of sinking yourself deeper into debt.

The Bottom Line. Refinancing is great if you can avail of lower interest rates compared to your original loan. A home equity loan's appeal lies on its feature of liberty to use the proceeds as you wish, be it to pay tuition fees, home improvement, or loan consolidation.

The decision on what to choose lies heavily on your goal for taking out the loan, your current situation, and your ability to take on the risks involved with the two available options. Crunch the numbers, quantify your options, and well-informed decisions are not out of reach. If you need help in doing your analysis, you may reach Registered Financial Planners thorough their website at www.rfp.ph.

Good luck and keep safe! MS

__Jesi Bondoc__ is a Registered Financial Planner and an entrepreneur. He is the CEO of Signopsys Inc., a print advertising company and co-founder of ODONTOPAY. You can send your money questions at jesi.rfp@gmail.com. For more info about Registered Financial Planner program, e-mail to info@rfp.ph or text <name><e-mail> <RFP> at 0917-9689774.

Universal Health Care Law: What You Should Know

BY EXCEL V. DYQUIANGCO

President Rodrigo Duterte signed the Universal Health Care Bill into law in February 2019, ushering in massive health care reforms in the Philippines. The extension of population, program, and financial coverage through a number of health system amendments is one of the most prominent aspects of the UHC Legislation.

Under the UHC, all Filipinos are assured equal access to high-quality, accessible health-care products and services, as well as protection from financial risk. The UHC strives to ensure that every Filipino is protected, safe from health hazards and threats, and has access to reliable, high-quality, and easily accessible health care that is personalized to their unique needs.

Here are some of the things you need to know about the Universal Health Care law.

All Filipinos are included. The newly established National Health Insurance Program automatically enrolls every Filipino resident (NHIP). There are two forms of membership in the program: direct contributors (employed, businesspeople), and indirect contributors (health premiums subsidized by the government).

All Filipinos will be given "immediate eligibility" and will have access to the full range of health care, including preventive, promotive, curative, rehabilitative, and palliative care. Health, dental, psychiatric, and emergency health systems are also likely to be affected. In addition, Filipinos will also be able to select their preferred health care provider.

Filipinos would not be required a PhilHealth ID in order to receive these benefits. Meanwhile, disadvantaged Filipinos and those living in geographically remote areas will be given preference when it comes to accessing health care.

It is not entirely free. UHC does not imply that all medical costs will be covered. PhilHealth will cover essential services accommodations, according to the regulation.

As a patient, this means you can expect daily meals, a bed in a shared space with fan ventilation, and access to a shared toilet and bath if you're admitted to a hospital. When staying in a hospital room with private accommodations, air conditioning, telephone, television, and meal options, among other amenities, however, will now come with a cost.

In the meantime, public and private hospitals are required to set aside a certain percentage of their beds for basic accommodations, as follows: government hospitals (at least 90% of beds), specialty hospitals (at least 70% of beds), and private hospitals (at least 10% of beds). Whether in a public or private hospital, as long as a patient takes advantage of these basic amenities, he or she will be protected by PhilHealth.

The legislation also stipulates that in public hospitals, if patients are required to pay for additional costs, their "co-payment"—the amount charged in addition to basic care–should be controlled by the Department of Health (DOH). This means that instead of being surprised after treatment, you should know what to expect in terms of bills.

Aside from that, existing case rates or packages produced by PhilHealth for specific diseases will remain unchanged. However, PhilHealth is expected to collaborate with the DOH to include more needs that an individual might have for disease in its case statistics.

PhilHealth takes on the role of "global purchaser" of health-related products and services. This means PhilHealth would be responsible for paying health-care providers such as hospitals and clinics for services rendered to Filipinos. This is already done by PhilHealth, but the universal health care legislation aims to pool more funds so that it can reach all Filipinos and provide more programs in the future.

Increasing PhilHealth's funding will also boost its bargaining position with health-care providers. In addition, with multiple funding sources for PhilHealth, Filipinos would no longer be forced to visit multiple government offices in order to raise funds for medical expenses. It would also make them less reliant on politicians for health-care funding.

"Increasing **PhilHealth**'s funding will also boost its **bargaining position** with health-care providers."

One of the UHC's goals is to make PhilHealth the national purchaser of medicines by increasing its funding. Since drugs will be purchased in bulk, the cost of medicines will be reduced. Another aim is to increase the quality of health services by forcing health care providers to follow certain requirements as a condition of payment and contracting.

The Department of Health will continue to be in charge of "population-based" health care. Although PhilHealth and other private health insurance providers are required to provide individual services, the DOH is also responsible for providing health services to whole communities. The DOH will do this by contracting with public health care providers in different counties.

City and provincial health systems will merge. As compared with the system where municipalities are responsible for maintaining their own health centers, provinces and highly urbanized cities will now be in charge of overseeing health care in regions.

A special health fund will be pooled and managed by provincial and city health boards to support and improve health care for residents. The profits from PhilHealth will also go to this special health fund.

There is a return program in the public sector. Graduates of government-sponsored health and health-related courses would be expected to work in the public health sector for at least three years. This will solve the need for health workers across the country.

They will be compensated and supervised by the DOH. Those that work for an additional two years will be eligible for benefits.

Meanwhile, graduates of health-related courses at public universities and colleges, as well as private schools, are encouraged to serve in government. MS

Breaking the Stigma

By CHERYL FLORA as told to EXCEL V. DYQUIANGCO

Born, raised, and lived in Sampaloc, Manila all my life, I was an *Iskolar ng Bayan* all throughout my kinder to college years where I graduated BS Computer Science in PUP Sta. Mesa. After college, my first job was in a startup software company where I earned P150 a day. I stayed there for two years. Being a fresh graduate, the salary didn't matter much to me as I was looking for experience.

Then I joined Pamantasan ng Lungsod ng Maynila in Intramuros as part of the IT team under the registrar's office. My last employment was at a global IT company where I stayed for almost six years. This was also the time I was assigned to the US for 18 months for a project as a senior software engineer.

Because I wanted to earn more, I worked overseas and became an OFW. My salary was huge then, but the downside was I didn't have time for my family. I was working all the time. So, I came home.

Rising Above the Challenges. While working, my partners and I opened an online shop that sold bags, accessories, and shoes. The first couple of weeks went well until we all became busy with work, and we were not able to follow through. The biggest issue we had was the lack of a system. I learned during this time that making the transition from employee to businesswoman requires mind training. It takes more self-discipline, faith, and patience—it's the ultimate test of will power.

When a friend introduced to me a product from Sante International, I tried it first and found it to be effective. I then shared the products with my friends and relatives through Facebook and they liked it as well. Soon I joined the company not for the business but for the products. I still had my day job back when I started my online business and since I'm in the IT industry, I know that technology speeds up everything, especially sharing of information. And that's what I did. I utilize the Internet, especially social media, in sharing my products and business opportunities with others.

But because there was a stigma with networking, most of the people who knew me were not that supportive of my career shift and some even mocked me. However, there was something I saw in the business that I truly believed in. And that was what I held on to. So, the opinion of others really did not matter to me. I had a vision. I knew myself and my purpose in doing the business, even when some people had bad intentions. And I almost lost all my savings!

Still, I persevered and looked and found the right mentors that helped me grow my business. My mentors, however, still believed in doing business face-to-face. But I am a huge believer in technology which was what I kept doing. To prove myself right, I challenged myself to sell 60 boxes of our best-seller product in just one day inside my bedroom with only my mobile phone and laptop. And I did it! I also sponsored 20 people in just 30 days just by using the Internet.

When the pandemic hit and the quarantine measures were imposed, there was not much to adjust to since we were already doing business online. We did all our business transactions online—training, meetings, selling, and even bank transactions. There was also a time when our barangay was put on a hard lockdown for 48 hours due to the rise of COVID cases. The only thing that was put on hold was the delivery, but product sales and memberships continued.

Presently, my online business is really doing great and is continuing to grow not just here in the Philippines but in other countries. Yes, I can definitely say I am rising above the pandemic because I have a pandemic-proof business.

Growing and Learning from Opportunities. As a businesswoman, I have learned to adapt and to change fast. I also learned the importance of a system that works and duplicates.

It's only my seventh year in the business and I know I still have a lot to learn. There's still a lot of growth and opportunity in the company that I'm in. I will continue to build a global pandemic-proof business. I also plan to diversify some of my earnings to other business opportunities and investments. There are really a lot of opportunities out there. We just have to be ready for them. MS

MY MONEY LESSONS

Thrive Amidst the Pandemic

Yellow Diamond Executive Director **Cheryl Flora** started with doubts and hesitations. But soon she has learned to rise above emotions and what other people think. Here, she shares tips and pointers in combatting these issues—and staying afloat during the pandemic.

Seek mentors. It's really challenging to face and handle everything by yourself, especially during a pandemic. There are people who are more than willing to help and support you if you only ask. Be courageous enough to seek help.

Adapt and shift. At times, people struggle because they refuse to adapt to change and make a shift. They refuse because they don't want to leave their comfort zones and they're too attached to their current situations or jobs. But this pandemic forced many to rethink, and those who refuse change and shift will definitely suffer. Those who learn to adapt fast and who are willing to shift will survive and thrive.

Pray. This is the most powerful tool in any situation, may it be good or bad.

Living Fully Without Eyesight

By PASTOR TONY LLANES as told to EXCEL V. DYQUIANGCO

I was born with glaucoma, a hereditary disease that caused me to become blind. Growing up, I don't exactly remember how I faced life's challenges without eyesight, but I am sure it was all miserable. Most of it, I think. I found myself in embarrassing situations like bumping into an object or a person or being almost ran over by a vehicle.

One day while I was serving at a local church in Cavite, during my second year, I began to feel pain in my eyes and found out that my glaucoma was getting worse. With the unwelcoming pain and limited mobility, I became unproductive and so I gave up working in the church. I then went back to my ancestral house with my wife and two kids. While doing nothing, I became more depressed.

But as sure as God's word, rescue started to come into my life. A man who is the director of Resources for the Blind, a private nonprofit organization helping the visually impaired, said to me that computers can be a powerful tool for the blind's productivity in school and at work. That is what they are doing in the United States, he said. And so, he gave me reading materials about computers and assistive technology. I asked my wife to read the materials for me and record it into a cassette recorder. I played it back over and over again. My interest in computers grew and grew all the more. This led me to take a correspondence course in computers at the Hadley School for the Blind in the US. They sent me recorded lessons and I gave back my answers recorded too. Eventually, I got my certificate.

My mother, who is in the US, learned about this and bought me a computer and a synthesizer. I then advanced my studies in a regular commercial school offering computer studies. At first, they wouldn't admit me because I am blind, but they soon conceded. After I got my certificate, I said to myself that this was a good thing to share with my fellow blind, and so I did. We had our first training right on the premises of my home. The attendees all brought a computer and synthesizer.

Founding ATRIEV. I then founded ATRIEV (Adaptive Technology for Rehabilitation, Integration and Empowerment of the Visually Impaired), a nonprofit organization, that seeks to break barriers and go beyond the so-called limitations of persons with visual impairment. Through assistive technology, we've opened paths for the blind and the sight-impaired to access higher education and mainstream employment.

In the early period of our organization, our biggest challenge was funding and resources and second to that was during that time, no one believed that blind people could use a computer. But as it turned out, we proved them wrong.

God is so good. In the 25 years of implementing our transformative programs, we've produced many firsts for the visually impaired. But in all honesty, can you even imagine a blind thriving in the field of information technology? But look at the people that we have produced: the first software developer, first search engine optimization manager, first medical transcriptionist, first recruitment specialist, first blind computer trainers, contact center agents, virtual assistants, cross-sell agents, sales associates, and content writers.

All that became possible through our quality computer education, but technology is only a tool. ATRIEV also focuses on what's inside the blind person when we conduct life skills workshops, personality development workshops, and work ethics. As I kept on saying that as the world of technology advances, no blind will be left behind!

Unfortunately, like most of the non-profit organizations, ATRIEV has been adversely affected by the pandemic, especially in relation to our funds. Since March 2020, all ATRIEV's personnel have adopted a work-from-home scheme and all of our programs and services were migrated online. The ATRIEV board of trustees together with the ATRIEV management has collectively decided to terminate the contract with the building we are renting.

In response to the pandemic, we launched eATRIEV, a virtual learning platform where persons with disabilities, teachers, parents and disability partners can still learn new skills. Our enrollees grew about 300%.

God Can Make Things Good. I have learned through all these that God can make things good. He said in His Word, "Delight yourself unto the Lord and He will give you the desires of your heart."

Our future plans involve creating more digital opportunities for persons with disability and the disadvantaged sector and a farm life powered by natural renewable energy. MS

> "**God is so good.** In the 25 years of implementing our **transformative** programs, we've produced many firsts for the **visually impaired.**"

MY MONEY LESSONS

Empowering the Blind

ATRIEV Executive Director **Pastor Tony Llanes** was born blind, but he didn't let this disability affect him from living a complete life. Here he shares some secrets in rising above any kind of adversity.

Have a positive attitude. I am 62 years old. I cannot change my age, but I can change my attitude towards my age and I think and act as if I am only 26 years old. I might not be able to change my blindness, but I can change my attitude towards my blindness.

Take action. Move, move, and move. Motion determines emotion.

Form relationships. Be with people and don't confine yourself with the fellow blind. Do something good for others and this will make you happy.

Helping Others Succeed

By RG GONZALES as told to EXCEL V. DYQUIANGCO

I have lived in several places growing up. I was born in Quezon City, studied at Divine Word University in Tacloban from elementary through high school, and then took up Bachelor of Science in Hotel and Restaurant Management at The University of Santo Tomas.

After college, I worked as a bartender and waiter at Dusit Hotel Nikko but my stint was short-lived as contractualization was rampant at that time and job security in the hospitality industry was not guaranteed. I then worked for eight years in the BPO industry until I shifted to sales and marketing for real estate developers in 2010.

After four years, I had enough capital, so I decided to enter the events industry by offering private bartending services, an idea which I saw at a cousin's wedding. It was during these times when I realized not only how tough it would be, but it also tested my finances. Still, I believed I had an idea, and I knew it was going to work. Unfortunately, I didn't have enough resources to scale up.

After running that business for three years, we were asked to service the Christmas party of Kanto Freestyle Breakfast Group and met with the founder Vincent Juanta. Together with my cousin, Donnell Alon-Alon, we decided to incorporate my business and opened a branch of Kanto Freestyle Breakfast in Manila in 2018. Because I didn't know how to run a business, I started reading and changing my mindset—books like *Rich Dad Poor Dad* by Robert Kiyosaki, *The Magic of Thinking Big*, *The Power of the Subconscious Mind* and other motivational books. I also met mentors along the way who guided me to where I am now.

Currently, I am the managing partner of the branch and I also run an online store.

Going Online and Helping Others. Starting this business entailed a lot of challenges. There were rejections, not getting paid for doing services, customer complaints, unmet expectations, cash flow, keeping our head straight. We focused on a resolution. Finding the root of the problem helped us move forward and learn from the experience. Having your own business is not a piece of cake. It requires a lot. But, as long as you have the discipline, desire, and consistency to grow your business, I believe the universe rewards you and the pendulum of life swings back in your favor.

Before the pandemic hit, our business was thriving since most of our clients were students from the area. We had so many customers—even on opening day—that we had to have people in a queue just to get a seat and dine with us. Unforgettable was when we were getting returns and dividends in just one year of operations.

When the pandemic hit, everyone was on lockdown, so we had to rely on our food delivery service. We also had to minimize staffing and had them stay in to reduce exposure to the virus. We also had to check our expenses to make sure we were still able to operate. At the start of the pandemic, one of our main concerns was getting our raw supplies delivered due to the lockdown. Thankfully, adjustments were made accordingly.

MY MONEY LESSONS

Surviving the Crisis

Like many other entrepreneurs, **RG Gonzales** felt the ire of COVID. Fortunately, with his positive mindset and dynamic ways of doing business, he survived and thrived. He shares tips and pointers to those struggling these days.

Don't be discouraged. Never ever give up and get discouraged.

Find your passion and your gift. Find your gift and have faith in what you do. And always pray for your gift.

Believe in yourself. Being in business is very challenging but believing in yourself and what you are good at always spells success.

Even with the lockdown, I didn't want to just neglect our staff. A few months prior to COVID, I met a supplier of native delicacies from Leyte. I put up a business and a system for my staff so they can earn extra. Since they were located in different parts of the metro, I made a system wherein the goods were dispatched from their area so that our products were nearer to our customers. I had staff from QC, Manila, and Antipolo. We would deliver the items to them, they help us dispatch and for every item sold, they get a commission. That way, their income was also based on their efforts to sell and dispatch. It also meant that our products were brought closer to our customers.

Our business is turning one year now and by the grace of God, we have recovered a bit from the pandemic and sales have increased.

Surviving and Thriving. Part of our future plans involves expanding our business by offering more products to the store. Right now, we are looking at coffee and equipment. A small coffee shop is also in the works, which will serve freshly brewed coffee and *kakanin* from Leyte. We will call it Pamahaw Kafe which means breakfast in Waray. So basically, we are merging two ideas into one. We will also be offering a coffee bar as part of our private bartending business.

It was really difficult during the brunt of the pandemic, but I have learned to always keep a straight mind and have faith. Always take care of your employees and staff. This pandemic has tested everyone and loyalty and perseverance really matter. Be creative and always play to your strengths. MS

The First Family of Finance

How the Faustos live a lifestyle of sound financial behavior and promote their advocacy for financial literacy

By EXCEL V. DYQUIANGCO

The Faustos are out on a mission. For over a decade, Marvin and Rose Fausto–together with their sons Martin, Enrique, and Anton–have been at the forefront of promoting financial literacy to Filipino families.

They conduct their Family FQ Workshops across the country, where they teach families about aligning money with their goals and values. Marvin, a pioneer and leading figure in fund management, has for decades been promoting investing in the Philippines. Rose, through her website, books, newspaper columns, TV interviews, and social media accounts, has been teaching personal finance and behavioral economics under her FQ Mom platform. And she, along with her sons, share money advice to the younger generation through her podcast and Kumu videos.

If there is a First Family of Finance, the Faustos would be it.

"We have different organizations inviting us to do these workshops—sometimes just me and our sons, or Rose and our sons, or just me and Rose," Marvin shares. Given that the couple's career is in finance and investments, their credibility is already built in.

Marvin, for instance, has worked in financial services for over three decades, managing some of the country's biggest funds. He was the Chief Investment Officer of BDO, the founding president of the Fund Managers Association of the Philippines, and currently the President of COL Investment Management. "I helped out in putting up this fund supermarket to make investing for everyone," he shares.

Rose also has had a long career in corporate finance and investment banking. She began as a credit analyst at Far East Bank & Trust Co., then switched to corporate finance at some of the leading investment firms in the country, such as FEB Investments, Inc. and All Asia Capital & Trust Co., where she served as Assistant Vice President. She also worked as a financial consultant for five years for a USAID project on renewable energy.

While it is one thing to talk credibly about finance and investing, it is another thing teaching about family finances and teaching children about money. The proof, as they say, is in the pudding. And the Faustos have for decades been practicing what they preach. "We can show that our children grew up knowledgeable in personal finance and having the right financial behavior," Marvin notes.

Starting Them Young

When their sons were growing up, money became a natural part of their everyday conversations. Their boys were exposed to finance early on in their lives—what is happening in the stock market, what is going on in the financial news, among others. Rose shares, "You know what's weird? A few months ago, we found cassette tapes. When we played one, it contained a conversation between Marvin and the boys about what was happening in the Philippine stock exchange. Martin was then just six years old."

In fact, the couple introduced investing to their children from the start. Marvin shares that they invested money in the stock market under their boys' names, buying shares in companies they know and like. "For Martin who likes to watch TV, we bought ABS-CBN," he says. "For Enrique who likes to eat, we bought Jollibee shares. And for Anton who plays video games, we bought Meralco shares."

He adds, "Every year, they get invited to stockholders' meetings and they receive a check for cash dividends—sometimes more than their allowance—and they asked how they were earning when they weren't even doing anything. So, we told them, 'We invested your money, and your money works for you. Just keep it there and it's just gonna grow'."

They also created an investment balance sheet for their sons, which their sons checked quarterly. "Now they are the ones doing it," says Marvin. "The ABS stocks were sold and were replaced by another company. But the Jollibee and Meralco stocks are still there. And at a certain period in their life, we turned it over to them and they now do their own investing. And they're earning much more from their other stocks."

The couple also taught their sons the value of saving early on. When it comes to their school allowance, while some parents gave their children P100 a day or P500 a week, Marvin and Rose gave their sons just P100 a week. "It was a very small amount, but along with that money, we gave them food and other snacks," notes Marvin. "That was where we started with the 'pay yourself first' scheme. They were able to save 20%. At the end of the week, they had P20, while their classmates had nothing left. They also kept tabs of that in their notebook. When they have saved a small amount, they put that in their ATMs. For big amounts, investments. "

For eldest son Martin, he agrees how small that amount was, but adds that it also helped them save. He shares, "When I was in grade school, mom created an Excel file to illustrate the whole computation of compounding. She showed how much money we had, how much money to save, and then, there is an assumed rate of return in the stock market. When I scrolled down the Excel file per row, I saw the buildup, and then a promise that I'll be a millionaire in several years."

He adds, "It's that crazy concept for a kid to see many zeroes and I think that stuck with me. Coupled with the balance sheet, it has become clearer that I will be getting closer to the big dream. I ended up becoming super tipid because of that small allowance."

Rose says they now share that Excel file template to everyone, downloadable on FQMom.com "where parents and kids can tinker with it."

Super Savers

Marvin and Rose met at Far East Bank where they started out as friends. That developed into something more, and they soon dated. "I guess you can say we are compatible because we share the same family and money values," says Marvin.

Frugality happens to be one of those values. When it comes to finances, Rose describes herself as a super saver, which intensified when she left corporate life to be a homemaker. "I started saving when I was in kinder and I never stopped even when I became a housewife," she says. "I don't want to leave my money in the savings account, and so, I started this balance sheet. I didn't waste money when we could be earning 15%."

The couple generally agree when it comes to finances, but they admit to occasionally quarrel over money. Marvin remembers getting irritated that Rose wanted him to account for his entire salary. She explains, "When I became a housewife, I accounted up to the last centavo. Now, however, it is up to the last peso. I got more relaxed because our finances are automated. Budgeting is not that critical anymore because money is already set apart for investing and that money that you've accumulated is already growing."

From Moms to Millennials

FQ Mom started helping parents raise their children to have high FQ, but now, the brand has evolved to include Millennials. “I am also an FQ Kumu mom! And since it’s new, I invited my sons to join me. It’s called Money Lessons with FQ Mom and Sons.” The show, which airs every Thursday 11-12am, is also shown on Facebook Live, attracting not only parents but young professionals and teenagers as well.

Her son, Martin, interjects, “It’s our mom who really tries new things–first Facebook, then YouTube, and then Kumu. We were pulled into this, and eventually, we do it too.”

Marvin notes that the younger generation has it better. “Millennials are more tech-savvy. And because of the availability of information, they can easily check YouTube for anything that they need,” he says. “They want to take control of their lives, they want to track their own and do their own investment, of mutual funds, stocks, UITFs. There’s exponential growth because of the availability of online information. They can really do it themselves and they feel empowered. But they still need a bit of guidance and design–they need behavioral understanding of how things work.”

Their sons agree. Martin says that there’s more interest among his peers when it comes to investing. “Unlike before when you work in a company, as long as you keep saving, you’re okay,” he notes, “You’ll be able to cover yourself until you retire. Like me, I’m already in my early 30s. All of my friends are either married, have kids, or starting to buy their own real estate properties. But the reality is the increase of their pay is not commensurate to their level of expenses. That’s why they have become interested in the concept of investing in real estate, in the stock market, in businesses.”

He notes, however, that many still have short-term thinking: “The notion is still ‘I invest so I get something back quick.’ Like one to two years is already long for them.” Martin bemoans the fact that they also base their investment decisions on stock tips from friends and family members.

Enrique believes there is a huge opportunity to educate Millennials about finances, now that they are all in the early or middle stage of their career. “It has become normal that people my age–even fresh graduates–know where they want their career to go, that’s where their focus is,” he says. “When you think of a career, you think of what you’re doing, and the money aspect of life also. That’s where the opportunity is.”

For Anton, the younger generation is more open to trying out new things. “I think they are not only more financially savvy but also more experimental. The ease of use to open an account, and do a transaction plays a big role. I have friends who have little to no experience about the stock market. They do bitcoin, crypto, just to try this stuff. If they can do it in one sitting and it’s easy enough to do, that’s okay. But if they experience one roadblock, they won’t continue anymore.” In addition, he admits that there is only a small segment who really takes the time to study: “They simply follow what other people say.”

Rose says that technology like credit cards and digital wallets are making it harder to control spending: “Gone are the days when you have to have cash to go shopping. Before, you even need to have a co-maker to get a credit card pa noon. Now, you can just shop 24/7. It’s so much easier to spend than to save. Knowledge is not enough. The environment that we’ve created for ourselves makes it so hard–the pain of paying is gone.”

Marvin adds that they are savers to the max: "We were saving 50% when I took my early retirement. From 20%, it grew to 50%. We have some elbow room since our lifestyle would just grow a bit. So, we were able to save more. It's enough for us to live on for the rest of our lives and still continue to earn."

But it is not all saving and investing for the couple. If there is one thing that they splurge their money on, says Rose, it was going on vacations and riding in business class. "We like to spend whenever we travel long-haul," she shares.

From Raising Pinoy Boys to Teaching Pinoy Families

The Faustos' foray into financial literacy advocacy is perhaps fate. Rose shares, "Many years after leaving the corporate world, I wanted to give my attention to the boys. When they were growing up, I felt I had to step back a little for them to really grow up as men. I didn't want to become a helicopter parent, and so I tried to think of what else to do. I was journaling at that time and I realized I had this wealth of information. I started this book project and interviewed the parents of successful men like Lance Gokongwei, Tony Meloto, and Tony Tan Caktiong."

She published the book *Raising Pinoy Boys*, which proved to be a turning point in her life. "It was meant as a parenting book, but the chapter on money matters became a common favorite," she says. "Luckily, it paved the way for my second wind, not necessarily to go back to investment banking, but about sharing what I know about money and family."

Eventually, she and Marvin were invited to talks and interviews. Even their children—who were teenagers during that time—were also interviewed. According to Martin, that added a bit of pressure because of higher expectations from friends and classmates. They needed to keep up with the integrity of the book. Shortly after the book was published, Philstar.com invited Rose to start a column called "Raising Children with High FQ".

Her book and column introduced the concept of FQ, or Financial Quotient, which combines IQ and EQ. "FQ is not just knowledge but both knowledge and behavior," Rose explains. "FQ is not just a set of skills," she expounds. "FQ has a value system. Families should get together to discuss, and that's the financial education that works. Reinforcement is very important." Rose has developed an online test that people can take for free to get their own FQ score. It's available on her website FQMom.com.

In their Family FQ Workshops, which they've held from Balesin Island to Singapore, they include a childhood money memory exercise, in which participants uncover deep-seated values, perceptions, and habits about money. They also emphasized setting goals, which they themselves practice regularly. "In our case, we share individual and family goals. We also have a rating system where we rate ourselves based on our financial goals and how close we are to achieving them," Rose says.

They take an edutainment approach to engage their audience. She explains, "When you talk about finance, it's either characterized as either boring or intimidating. We had to come up with a platform that is accessible and entertaining, and easy to understand."

Now, Rose is a well-known author, columnist, and speaker on purposeful parenting, financial literacy, and most recently, behavioral economics. She explains, "The focus went to behavioral economics, because sadly financial education is not the solution to our money problems. So, I studied this further. Based on a meta-analysis of more than 200 studies, they found out that sadly, the positive effect of financial education is only .01%. Once you learn something, it is not automatic that you will follow through with the correct behavior."

Rose says she wants to make behavioral economics more mainstream. "My focus now is really helping people make changes to their behavior, but not in the usual way that we carry out financial education. That is now my big dream." She soon launched the second book in her FQ trilogy, which includes a crash course in behavioral economics.

Financial Advice from the Faustos

The Fausto family has a wealth of advice when it comes to personal finance. Here are just a few:

Invest with a purpose. "It's not just about making money," Marvin says. "This should depend on a certain objective, either short-term or long-term. You differentiate investing versus speculation (quick buck, bitcoin). So, if you're investing in the future, if it's a long-term investment, it should be long-term only. Short-term, short-term only. You should know why you spend your money."

Apply behavioral economics. Rose gives an example of a relative who borrows money. Will the help be finite or infinite? "When you are not able to discuss that in your conversation, it's putting in danger the retirement years or the retirement money of the one lending," she says. "Whether a relative or not, this discussion should be clear. And for everybody, it's designing something for the environment you're in, to do the right thing effortlessly. This is where you automate things, don't just rely on shopping apps."

Make money work for you. Martin says, "As an entrepreneur, they always say cash is king, but in building your personal wealth, cash is not necessarily king. The more cash you have, the value of your money decreases if not invested. It may feel like you are being cheated, especially when you realize that you only have P10,000 in your savings account. But in reality, you just placed it as an investment. Sometimes, a quick shift can mean a lot. You have to make your money work for you."

Think holistically. For Enrique, investing is about matching goals with instruments. "Think of it in terms of how that would play to the overall design of things. It should always be in relation to everything. Right place, right amount for each kind of investment."

Make the most of your time. "For those who don't pay the bills, focus on growth," says Anton. "When you're in your 20s, you have time on your side. Figure out what you're going to do for the rest of your life, make all the connections, develop your skills, and just believe that the money is going to come."

The Next Generation

Marvin and Rose are obviously proud of their sons, who are blazing their own paths. Rose says, "It's nice to point out that our sons are in different fields also, but what is important is that they all know that it is important to have a high FQ."

Martin runs a brand consultancy firm called Brand'eM. He admits that he decided to pursue a career in marketing to get out of the shadow of his dad, who he closely resembles by name and features. However, he believes he carried the lessons about investing by applying them in career development and personal branding. He is also a Gallup-Certified Strength Coach, guiding his clients to have career clarity into crafting their core brand story.

Martin says that one of the lessons he has learned from their parents is the idea of being intentional with where the money goes in alignment with his core values. "I scrimp on things that do not matter so I can splurge and enjoy on things that do—what you value," he says. "I really like to spend my money on clothes. I also value spending on food and drinks when I am out with my friends." He adds that his experience with investing has paid off. During the pandemic, he was able to liquidate some of his investments to support his business.

Middle son Enrique is the only one among the siblings pursuing a career in finance. His interest started when he joined the Ateneo team in the CFA Institute research challenge, which they won. After graduation, he worked as a management trainee, stockbroker, and equity research analyst. Later, he had an epiphany of making a difference in people's lives by making investing accessible for everyone. So, he started IFE Management Advisers Inc. as its Chief Financial Architect, which helps individuals, families, and corporations improve their financial wellness through financial planning and wealth advisory services.

He too has picked up valuable money lessons from his parents, like paying oneself first. "Instead of looking at the monetary benefits, I take out the percentage of the gross income," says Enrique. "I take out 35% for savings and investment, whether I earn low or high. That's already automatic. What's left, you spend without feeling guilty because you know that you have set aside some money."

The youngest, Anton, took a less conventional path, focused on the arts and media. He recalls not being the type of student who just sat still, reading and studying. "I tried to focus on what activities energized me in school, what I really love doing." Those included dancing, performing, and hosting events. After graduation, he decided to do professional hosting as a living, eventually landing a gig as a Myx VJ, where he discovered a love for the art of conversation.

True to form, Anton started his own podcast called Anton-On-One in 2020, a conversation podcast with people from different industries where he tries to pick their brains and their mindsets. When the pandemic started, he also opened a dance fitness studio and became a dance fitness instructor. He also hosts virtual events.

Anton says, "I believe in my early years that it's practical to have good money habits, so that you can enter into any career you want," he shares. His advice: "Have the habit—have a good relationship with your money, when you are in your 30s. Personally, I'm not super interested in what's going on in the stock market but since I want to have a good life, I need to be interested in this. It's good that I'm used to this now. It's the way I deal with the little decisions in life."

Rose said she and Marvin let their children pursue their own paths. "When they were young, we never said, "wag yan." We just allowed them. Enrique wanted to be a firefighter, okay! Anton wanted to be a carpenter, okay! Marty wanted to be a teacher, okay! I read somewhere to just help your child discover for himself what he wants. There's a new way of parenting—don't tie down your children to one ambition."

Martin adds, "We could pursue any career path we wanted as long as we keep our finances in check. There's no template of a successful path towards achieving the life you want."

"*Mas magaling na sila sa akin*," says Rose. "It's the goal of every parent to pave the way for the children to do better than you." MS

How to Talk to Your Spouse or Partner About Money

By RIENZIE BIOLENA, RFP®, CWM, AIF, CFC

In the US, financial problems are one of the leading causes of divorce. Here in the Philippines, financial conflicts are one of the cited reasons for marital dissolution (Abalos, 2017). Given these, it is a must that couples talk things out about money as this can be a landmine or even a ticking time bomb if left unresolved.

There are a lot of approaches about money in marriage, taking into account the cultural, sociological, and even religious backgrounds of each partner. But money talks for couples are not only issues among married ones. They are issues, too, of couples who are not necessarily married—those who are co-habiting and even those of the same sex.

Here are some tips and strategies that cut across boundaries and can already be practiced by any couple:

❶ **Be transparent.** One key fact that people often miss is that you and your spouse are a unique persona. You bring into your marriage your own history, values, notions, and preconceptions—so much so with money. You are a product of your family upbringing and social environment. With these, differences are inevitable. Inevitable, but not necessarily fatal. For you and your partner, communication is key all throughout your marriage, ironing out differences and compromising on things, most especially if your values are poles apart.

It will greatly help if you were transparent to each other–transparent about your personal finances. To this end, sharing your respective income, expenses, and personal SALNs is best. Knowing where each of you stand in terms of finances will establish the ground with which you will work together towards your goals, whether individual or shared.

You or your spouse, though, might feel fearful of being transparent as it can already lay bare dark secrets such as debt or family responsibilities. In this case, any talk about laying down one's finances is best made with a non-judgmental atmosphere, an attitude of seeking to understand, and a commitment to cooperate. Assuring your partner that you will not be angry will boost his or her confidence. Moreover, the assurance that private matters will remain private—and will not be shared to family and friends—will reinforce this confidence.

Transparency about debt. For instance, you may already be deep in debt, paying substantial interest charges. As you already belong to one economic unit, then the expensive interest payment is practically siphoning off money that may otherwise be used to fund future goals or financial safety nets.

With this, it is best that both of you sit down and talk about how you can work on paying off the debt. It may be the case that your partner has substantial savings or investments that can pay it off. So, it is best that the debt then be settled to cut the expensive interest payment that is costing the family serious money.

Transparency about savings. It may also be the case that both of you have substantial income, savings, or investments, of which some may be under- or over-invested given their goals. For example, your spouse has all resources just sitting in a time deposit or savings account that is missing opportunities in other financial instruments that can maximize returns.

Retirement that is 20 or more years down the road is best served with an equity-laced portfolio, and an overly conservative portfolio will just create a drag on your overall retirement portfolio and may even result to falling short of the required funding. The pooling of your resources for shared goals then becomes a necessity to properly build a portfolio that is responsive to you.

Transparency about family responsibilities. Another area in which you should be open about is your other family responsibilities. Think of a parent or a sibling that should be regularly supported, or even other relatives who may need financial assistance from time to time. This can also cover sudden, high-level expenses in the case of accidents or sickness. As this involves the closest of kin, conversations can be very emotional and can cause great and lasting friction.

This, therefore, is one hot-button issue that should be resolved at the very onset of living together. Family support, whether current or prospective, is an expenditure to your economic unit. If left unchecked and undisciplined, it can eat up on other needs such as fixed expenses, retirement funding, or even your children's education. It may even push the family into debt, as you struggle to fund current needs and the extra responsibilities.

Boundaries, therefore, have to be established—red lines that should not be crossed in helping other relatives. For example: would you still give to your or your spouse's parents even if it means sacrificing your child's tuition fee payment or your home electricity bill? Until when will you give? Having a budget, then, will firmly set down the allocation for your family's needs and your other responsibilities.

❷ Compromise. Communication also involves mapping out your roles and strategies. Who will do the budgeting? Who decides on where to invest? How will the budget be allocated? Would each of you pool in your income in one basket and then give allowances to each other? Or each would have an expenditure item assigned for each one to fund (i.e., your spouse pays for household expenses while you pay for the amortization, etc.). These are just but a few questions that are to be included in the discussion.

Compromise on roles. As each person is unique, there is no one best way to do this. What is important is that you employ the strategy that works with your strengths. As an illustration: in our family, my wife really has a knack for budgeting and haggling, and as such, she acts as our family Budget Officer. On the other side, I am knowledgeable on investments, so I am the Chief Investment Officer.

Compromise on strategies. The expenditure assignment works for some couple, while the pooled one does. In our case, we pool our resources together, so we know at any point in time what is the financial standing of our family.

There may be some friction and conflicts, though, as your spouse can have a preference on one strategy, while you have the opposite view. These differences should be understood. It may be that the expenditure assignment approach is preferred by your spouse because of the relative financial independence it brings.

But here is where the concept of compromise sets in. While each of you have your own values, you also should take into consideration the bigger things that both of you value, such as your union. In this light, lay down non-negotiables and the things that can be given up. Should there be non-negotiables that are poles apart, a middle ground can be sought, like a hybrid.

For example, your spouse adheres to a pooled income, while you want expenditure assignment. If both set your foot down, then these would be utterly incompatible. What you can do, however, is seek a hybrid approach: you can pool funds for common goals and expenditures such as electricity, water, tuition fee, etc., and have discretionary expenditures assigned. This way, family goals are answered but each of you has relative independence on funding your wants.

Compromise on handling conflicts. All throughout the communication process, openness is key. If you are committed to making your relationship work, then there is no fear of judgment or anger whatever financial situation each of you bring into the union. Conversation starters such as "I am committed to this relationship and therefore would want to work this out with you, whatever your financial situation is," assures your partner that he or she will not be dealt with in judgment, disdain, or anger, thus breaking walls and building confidence even further.

Should there be surprises along the way such as huge debt or significant financial responsibilities, you can express your feelings such as "I feel surprised with this information," or "I feel angry towards this," but should immediately be followed with "but our relationship is more important, so I want to work this out with you." This type of a conversation acknowledges your feelings but still gets the conversation back on track to the more important thing, which is your relationship.

❸ Work together. Coming together as a couple means building a life together, and that means common goals and, yes, common expenses. This does not mean, however, that there are no individual goals altogether. Quite the opposite: a healthy relationship is one where individual goals are also nourished and achieved with each of you having self-fulfillment.

Achieving all goals, however, can be quite a stretch, most especially when dealing with limited resources. It is not because you have family responsibilities already. It is also the case for those living by themselves as they also have to grapple with the realities of limited resources in achieving their myriad of dreams.

Work on your goals. This is where prioritization happens. One useful strategy for prioritizing is to list down all goals–both common and individual. Common goals could be building a retirement fund, sending kids to school, yearly family vacation, purchasing a car, home purchase, or building business capital. Individual goals may include post-graduate studies, purchase of a gadget, supporting a family member, or even a passion project.

After listing them all down, rank them in order of priority, starting from number one. It is important here that no goal shares the same rank. What this does is to force both of you to think not just of the importance, but the relative importance of the goal at hand. Sure, a goal may be important for you specifically, but how is it important in relation to the other goals is another thing altogether.

Given limited income and resources, force-ranking automatically puts funding priority versus the goals, i.e., which goals should be funded first. Again, there may be some friction in laying down which goals should get first funding, but the communication principle of compromise would be key.

Work on your SALN. Part of working together is making your family SALN or Statement of Assets, Liabilities and Net Worth. This financial statement is very useful in making a snapshot of where your family is now: how much do you own, how much do you owe, and how much is left. Making your own family SALN requires bringing your own personal SALN as well: your own assets and liabilities. Again, the communication principle of transparency and openness is useful in this exercise.

In making your family SALN, the couple can make three columns: one for each spouse, and one for joint, with the last one representing assets that both own (savings, time deposits, real estate, investment, etc.). With the family SALN, you can also see what assets you have and what you do not have yet.

The Asset area also sheds light if you are over- or under-invested in some asset classes. Your spouse, for example, may be cash-heavy, of which opportunities are missed for upside growth, most especially for long-term goals.

Or you may be too aggressive, of which the family then may be exposed to severe market downturns and can affect liquidity needs in times of crises. It could also be that your family may be illiquid. Having majority of your assets in real estate can affect your ability to fund emergencies should cash be urgently needed.

The Liabilities column, on the other hand, shows what your family owes as a unit, or each as a spouse. Items such as mortgages and car loans are not unusual, as well as credit card purchases done in lieu of existing cash. The presence of salary loans and credit card purchases for wants, however, tells a different story. It can be a sign of an undisciplined spending habit that could be carried on to the union. They can also mean support to a relative or kin, of which it would then be necessary to have interventions such as setting aside budget limits for that, or even purchasing pre-need insurance or health insurance.

Whatever the case, items in the Liabilities area should be understood in terms of their context, so that proper intervention or mitigation can be put in place.

Lastly, the Net Worth portion is the part where your family can see your financial value at that point in time. Of course, increasing your net worth over the years is desirable, which means allocating resources to assets that increase in value over time. Make your SALNs annually at least, so you can keep track of the movement of your assets, liabilities, and net worth.

Work on risk management. As you move together jointly in your finances sharing resources, you also share risks. Therefore, map out the financial risks that your family is exposed to and manage them, setting financial safety nets for your family.

These risks primarily would be the risk of income stoppage or expense shock. The former's primary cause is death while the latter, sickness. While you can hope that they do not happen, the first one cannot be avoided—it is just a matter of when and how—while the second one may happen depending on risk factors such as genetics, lifestyle, and environment.

Except for lifestyle, and to a certain extent environment, these are external factors which you cannot absolutely control. What you can control, though, are the resources and tools available to manage these risks, chief of which are insurance and preneed plans

Insurance is a financial tool that provides financial support or benefit to your beneficiaries and the policy owner in the event of death, accident, or sickness. Done properly, they can give years of financial support to your spouse or your family should income suddenly halt due to untimely demise or even an accident.

Health insurance also provides for benefits in the event of sickness and hospitalization, providing payments for the client that are relatively larger in amount than the premiums paid. Socialized insurance like PhilHealth also helps in offsetting expenditures that can otherwise cause a significant burden or shock to your family. In this line, preneed memorial plans can also form part of the safety nets of your family as this provides for an inflation-adjusted source of burial and funeral funds.

Setting these safety nets not only applies to your family, but to your parents or kin as well. It is a reality that a big portion of Filipinos' budgets are supporting or expecting to support an aging parent or a close kin and it is in this regard that preneed plans or even basic PhilHealth for them can be considered as part of the budget allocation. These expenses can be shared among siblings, should it prove substantial for your family. They may be current expenditures, but the financial shock that would ensue if they were not purchased would be bigger, if not costlier.

The same goes for insurance: a small amount of premium expense is relatively cheaper compared to the future expense incurred or income lost by the family. Purchasing these, however, may prove difficult as there is a plethora of products available in the market. Having a professional financial planner, therefore, can help in choosing the most cost-effective and efficient solution, one that would not eat up resources intended for other financial goals.

Work on your income statement. Indispensable with the SALN is the Income Statement, which shows the income of you and your spouse, your respective expenses, showing your net cash flows.

The income portion can be segregated for each spouse, while the expense portion can be unified, with each line item particular to a spouse identified. Expense items can be grouped into two: fixed expenses like utilities, groceries, gas, tool, etc., a.k.a. the needs; and variable expenses like non-essential take-out food, streaming subscriptions, flashy clothing, and the like, a.k.a, the wants.

Creating a monthly income statement will show your monthly cash flow—the cash that is left to your family at the end of each month. Some expenses, however, do not occur monthly, like insurance premium payments, automobile registrations, real property taxes, dental and medical expenses, tuition fees, gifts, etc. The same goes with income: 13th month pay, bonuses, profit sharing, dividends, and the like also form part of the inflow and should therefore be accounted for.

Thus, an annual income statement will give a greater view of how much your family is earning, spending, and left with. The amount left then is the resource that can be used and allocated to the different goals that you and your spouse have agreed upon.

Should cash resources prove insufficient, then you can go back and inspect which of your wants could receive a smaller budget in exchange for the goal allocation. You can also inspect your SALN and do some asset repositioning to better fund a goal. This may be easier said than done, as one want can mean sacrificing a perceived lifestyle for you or your spouse. Notwithstanding, it is a choice between a peso here or a peso there, which actually speaks of which is more valuable. Again, compromise and communication are key in this area.

It would be worth mentioning here as well that same-sex couples offer a more challenging approach towards settling their assets as well as managing their risks, given the current legal and regulatory framework in the Philippines. To this end, forming trusts and business entities can prove advantageous as well as availing of insurance that can recognize partners as beneficiaries. They can talk to financial planners that specialize in financial planning for same-sex couples as well as lawyers on how they can structure their asset relations that reflect their values and desires.

As you build your goals, SALNs, and Income Statements over the years, it may be the case that some changes could occur—additional income, expenses, goals, or even responsibilities. At all points in time, you should work together on adjusting your resources and goals should these arise. Communication again is key, as well as compromise, transparency, and openness.

Respect fully and enjoy the journey. With all the friction, conflict, and humdrum of doing finance, it is important that communication and actions are done with respect—respect for your partner, and respect for your union. It is respect that would prevent discussions from spiraling downwards, and it is respect that will keep the union intact and going.

Of course, you should enjoy the journey, one which you and your partner have decided and committed to embark, building up a family or just deciding to be together for the rest of your lives. MS

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Where & How to Borrow Money:
Alternatives to Bank Loans

By EDMUND LAO, RFP®

When a person is in a serious situation and borrowing from his parents or friends is not possible, the next option is to take out a loan. Borrowing money is a tool. It's something you can use to move your current situation forward. Just like the TV show "Who Wants to be a Millionaire?", borrowing can be compared to a lifeline.

But before you apply for a loan, it is good practice to know a few things and the different types of loans available.

Secured Loan and Unsecured Loan. The first thing you need to know is the difference between a secured and an unsecured loan. The importance of knowing the difference between the two comes when you choose which of the two classes of loans you can or should get.

Secured loan. This type of loan requires a collateral. This requirement gives better terms and interest rates from the lender. If you default on the loan, then the collateral is automatically forfeited by the institution.

Unsecured loan. This type of loan does not need a collateral. Because the lender has less security, the interest rates will likely be higher, and the loan terms would be stricter because of the risk taken by the lender.

Common Types of Loans in the Philippines. Loans are available either from the government or private companies. The rates and terms depend a lot on the lender. However, not all loans are created equal. It pays for you to compare their differences, both advantages and disadvantages, before availing. Aside from banks, there are other options to get loans.

SSS loans. This is a government cash loan granted to a private employee, self-employed, or voluntary member. It is intended to meet the member's short-term credit needs. If you are an SSS member, to be eligible, you must fulfill the following requirements:

- For a one-month loan, you must have 36 posted monthly contributions, six of which should be within the last 12 months prior to the month of filing of application.
- For a two-month loan, you should have 72 posted monthly contributions, six of which should be within the last 12 months prior to the month of filing of application.
- You should be updated in the payment of contributions.
- You must have not been granted any final benefit such as total permanent disability, retirement and death.
- You must be under 65 years old at the time of application.
- You must not have been disqualified due to fraud committed against the SSS.

The loan is payable in 24 monthly installments with an interest of 10% per annum and based on diminishing balance until payment has been made in full.

GSIS loans. This is another government loan (similar to SSS) for members working in government services. If you are a GSIS member or pensioner, you may apply for these loans using your GSIS eCard through the GWAPS kiosks located in all GSIS branches, selected government agencies, and Robinsons Malls.

Under GSIS loans are the following categories:

Consolidation loan. The consolidated loan (conso-loan) combines five different loan products into one—salary loan, restructured salary loan, enhanced salary loan, emergency loan assistance, and summer one-month salary loan. If you are availing of a conso-loan for the first time, you will receive a one-time automatic condonation from the outstanding penalties or surcharges incurred from these loans.

Policy loan. The policy loan is a loan program which you may avail from your GSIS life insurance policy. The loan, bearing an 8% interest rate, may be paid either through monthly amortization or deduction from your existing life insurance policy contract.

Emergency loan. The emergency loan provides assistance to GSIS members affected by natural calamities.

PAG-IBIG loans. PAG-IBIG Fund is a government mutual fund company where all employees, like the SSS, are compulsory members. As a PAG-IBIG member, you can avail of loans such as:

Multi-purpose loan. The MPL program is a cash loan that you may secure to help you with any immediate financial need. The loan can be used for minor home improvements, additional capital for a small business, tuition fee, and other purposes. You must have active contributions with at least 24 monthly membership savings (MS) and sufficient proof of income to qualify. You can borrow up to 80% of their total Pag-IBIG regular savings. The loan interest comes at a low rate of 10.5% per annum.

Calamity loan. You can avail of this unsecured loan program to provide immediate financial aid if you are in a calamity-stricken area. To qualify, you must be an actively contributing member residing in an area declared to be under a state of calamity by the Office of the President or the Local Sanggunian. You should have at least 24 monthly membership savings (MS) and sufficient proof of income to qualify. You may borrow up to 80% of your total Pag-IBIG regular savings. The calamity loan carries the lowest interest rate in the market of 5.95% per annum.

Housing loan. The Pag-IBIG Fund Housing Loan is a secured loan that allows a you to borrow up to a maximum of P6 million to purchase a residential lot, a house and lot, or a condominium unit. You may also secure a loan for house construction, home improvement or renovation, or even to refinance an existing housing loan. The loan rates range from 5.75% to 9.875% depending on the time frame of the loan. Note that this type of loan requires MRI and fire insurance.

Here are the types of properties that qualify for the Pag-IBIG Fund Housing Loan:

- Purchase of fully developed residential lot or adjoining residential lots not exceeding one thousand square meters (1,000 sqm)
- Purchase of a residential house and lot, townhouse, or condominium unit
- Construction or completion of a relative of the borrowers
- Home improvement on the house owned by the borrower or a relative of the borrower, or on a property currently secured under Contract-to-Sell (CTS) or Deed of Conditional Sale (DCS) between Pag-IBIG Fund and the buyer
- Refinancing of an existing housing loan
- Purchase of residential lot or unit plus cost of transfer of title

This loan program is available to all active members, who have satisfied the following requirements:

- At least 24 monthly savings
- Not more than 65 years old, and not more than 70 years old upon maturity of the date of loan application
- Has the legal capacity to acquire a real property
- Passed satisfactory background and /credit investigation of Pag-IBIG Fund
- Has no outstanding Pag-IBIG Fund Short-Term Loan (STL) in arrears at the time of loan application and has no Pag-IBIG Fund Housing Loan that was foreclosed, cancelled, bought back due to default

Employee/Salary loans. These are loans advanced by a business to assist their employees. Similar to personal and business lending, employee loans typically come with an interest rate and repayment schedule. However, there are companies that do not charge employees interest for the loan as consideration.

Usually, employee loan interest rates are a small fee to cover the cost of administering the loan program, and any tax liabilities the employer may incur. As a qualified employee, you pay back the loan via salary deduction according to the repayment schedule agreed upon. Looking at it in another way, the loan can be considered as your salary advance.

Employers offer loans to employees as a benefit to employees. Just like any fringe benefit, the employer should have clear policies and procedures that detail the loan program. In availing, you should consider factors such as nature of the loan subject for approval, the amount of loan, the payment term.

For the loan, you will be required to sign a promissory note. A promissory note is a document that spells out your promise to repay the loan. The promissory note will outline the loan's repayment terms, including the payment amount, payment frequency, interest rate, and what happens if the employee defaults on the loan.

Credit cooperative loans. A cooperative is an autonomous and duly registered association of persons, with mutual interest, who have voluntarily joined together to achieve their needs and aspirations by making contributions to the capital required. Members also patronize their products and services and accept a fair share of risks and benefits of the undertaking according to the accepted cooperative principles.

For loan purposes, a credit cooperative promotes and undertakes savings and lending services among its members. It generates a common pool of funds to provide financial assistance and other related financial services to its members for productive and provident purposes.

Here is an example of a coop loan which is a type of unsecured loan: loan starts at P1,000 and the maximum amount depends on the member's capacity and can be for productive or providential purposes. It has a low monthly interest based on diminishing balance (1.56% interest/ month). Payment has flexible terms, maturity ranging from three months to four years. Credit life insurance is required to protect the beneficiaries so there will be no need for them to be burdened.

Online lending platforms. No industry is left behind when it comes to technological innovation. From online shopping and the food industry with online deliveries and the use of social media as a marketing tool, the world has moved from the traditional to the digital space. The financial industry is no exception, especially with the presence of online lending.

Nowadays, a lot of lending institutions have the infrastructure that can automatically process data quickly. Once you submit complete requirements, your application can be approved in as fast as 24 hours. Examples are Home Credit PH, Tala, Robocash, Cashmart, FundKo, etc. Just search for these companies' website or apps and check the requirements needed, terms and conditions, and rate. Then you can register and apply for a loan.

Peer to peer lending. With the advent of crowd funding and angel investing, peer to peer lending has come into its own. Using a peer-to-peer (P2P) lending service or marketplace can be a viable option for you instead of turning to traditional institutions like banks. This is where you and the lender are matched via a platform.

Also known as crowd lending, P2P entices investors because of monetary returns that are above-market. Borrowers, on the other hand, are persuaded to use such services because interest rates are often lower compared to conventional financial providers such as banks. This feature provides a better, more value-added alternative for people from both sides. This technology also becomes disruptive in the sense that almost everyone can become a lender or a borrower while still observing a high level of credibility and security.

Credit card loans. This is the most abused loan instrument because a lot of people treat credit cards as their extended wallet. Actually, credit cards fall into a different class of borrowing known as revolving credit. With this feature, you typically have ongoing access to funds as long as your account remains in good standing.

Interest rates are typically higher than personal loans. Revolving credit works differently than a personal loan. You have access to a specified amount, but you do not receive that amount in full. Rather, you can take funds from the account at your discretion at any time up to the maximum limit.

You only pay interest on the funds you use, so you could have an open account with no interest if you have no balance. Usually, the interest for borrowing in the funds is 3.5% a month. Credit card companies also offer unsecured multipurpose cash loans with a lot of fees charged monthly to the card. Also, they offer balance transfers from other credit card balances. A word of caution, however, missed payments will incur high-interest rates plus surcharges.

Private/Financial company loans. Private lenders in the Philippines are usually companies with investors that provide personal and business loans. People and business owners who are disqualified for a bank loan often turn to private lending companies. Compared to bank loans, private lenders usually have a simpler application process. They attract more borrowers because they offer easy access to funds, a simplified process, and a faster turnaround time to receive cash although at a higher interest.

If you are starting up or have a small business, you may opt for this type of financing because some of these funding companies will only ask you to submit proof of identification, proof of billing, and proof of income. Depending on the type of loan and the lender, some private companies can also approve loans within 24 hours. This is a lot quicker than the approval of traditional bank loans which take time in collecting data, verification of submitted documents, character or background investigations, and even financial checks.

There are also private lenders that can release the funds on the day of application and approval, depending on the amount loaned. However, private lenders typically offer loans with higher interest rates due to the risk they take, making the total cost of the loan more expensive, especially if you need the funds for a longer period of time. Most often than not, private lenders will require a co-guarantor.

A co-guarantor is another person who will be liable for the loan in case the borrower is unable to make timely payments. They can also ask for collateral, wherein a failed payment means they may take ownership of the borrower's valuable assets.

In terms of payment, private lenders may not be as flexible and the repayment is within a short period, typically ranging from two to 18 months. The longest would be 24 months (depending on the company).

Lending company loans. Under the 2007 Act, a lending company is a corporation engaged in granting loans from its own capital funds or from funds sourced from not more than 19 persons. The term "lending company" does not include banking institutions, investment houses, savings and loan associations, financing companies, pawnshops, insurance companies, cooperatives and other credit institutions that are already otherwise regulated by law.

A lending company must be established as a stock corporation and may be owned 100% by foreign nationals just like a financial company. Words that are descriptive of the company's primary activity of granting loans to the public must always be included in the corporate and trade name. For example, "lending company" or "lending investor".

Pawnshop loans. Pawnshops allow quick access to money when you desperately need it. Filipinos use pawnshop loans for various purposes, especially during Petsa de Peligro. Pawnshops make loans at substantially higher interest rates than what banks typically charge for personal loans as the risk of default is much higher. Interest rates charged by pawnshops generally vary between 3% to 4% a month.

There are pawnshops that have longer operating hours than banks and there are also those that serve customers 24/7. For first timers to pawn a valuable, you have to manage your expectation—the pawnshop won't lend the amount equivalent to the full value of the collateral. Pawnshops in the Philippines appraise items for pawning at low prices, usually less than half of the actual cost. Another thing to consider is that the loan amount can get further slashed especially if the pawnshop charges advance interest. The loan proceeds will be net of interest charges. You have to be aware of the risks involved in pawning, such as the risk of losing or damaging your pawned item.

Loan sharks. So-called 5-6 lenders are considered the l ast resource for borrowers. These moneylenders are called such because of the way they lend. 5-6 moneylenders charge a nominal interest rate of 20% over an agreed period of time. A person who borrows 5 pesos over a period of one week repays 6 pesos, including 1 peso interest. Neither Filipino nor Indian 5-6 lenders require collateral or documents from their borrowers. The success of a borrower's business and loan repayment history provide a gauge of the borrower's credibility.

Another form is the Sangla ATM scheme, where the borrower's ATM card is used as the collateral and where the lender uses the ATM card to withhold the repayment from the salary received every payday until the entire amount is repaid. Although the interest charges can be as high as 7% a month, this type of loan is the most popularly used in the country. The only problem with Sangla ATM is that the borrower, due to the exceedingly high interest rate, will always be deep in debt and in effect will be working for the lender. This is exactly what Proverbs 22:7 said, "The rich rule over the poor, and the borrower is slave to the lender."

As you can see, there are many alternatives to bank loans for you to consider. But whether debt is called good debt or bad debt, it is always best to be free from the bondage of debt. Make it a habit to save so that you don't end up a slave to debt. MS

Stock Market 101: How Not to Get Burned by Hot IPOs

By JOSEFINO R. GOMEZ, RFP®

"As a rule, when stocks are first listed, they sell much higher than they do a short time afterwards. Of course, that is not always true. It is more likely to be true when a stock is listed during a very active market, when prices are more easily influenced by publicity. The high price of it is usually due to the fact that publicity is given to it, as soon as the effect of this publicity wears off, the market price of the stock declines."–J.J. Butler, Successful Stock Speculation, 1922.

From the above quote, we can infer that IPO speculation and mania has been around for a long time. An Initial Public Offering (IPO) happens when the owners sell a part of their business for the first time to the public. After the IPO, the public becomes a part owner of the company. If you have a business and you are selling a part of it to someone, would you like to sell it at a higher or lower price? Though some IPOs might consider other objectives, such as tax minimization, diversification, prestige, and a lower cost of capital, generally you would like to sell it at the highest price possible limited only by the demand of the public.

We know that investing in listed stocks is a good way to generate returns. However, not all IPOs are good for your pockets.

Below are some recent IPOs that have performed poorly after its listing:

TICKER	Listing Date	IPO Price	Price as of 02/01/2021
CHP	7/18/2016	10.75	1.36
C	3/25/2019	10.68	4.28
HOME	10/10/2019	11.5	8.68

As a rule, IPOs are not cheap, but they do get a lot of interest in the Philippines. If you really want to take a chance in IPOs here are some guidelines you might want to follow:

❶ Historical research shows that in general IPOs perform poorly even years after listing. Investors who are attracted to IPOs should keep their expectations in check.

❷ Know yourself. Do you have a high appetite for risk? Stock prices of IPOs are generally more volatile during its first few trading days.

❸ Assess your current situation. Your age, current financial standing, and investment goals will help determine the amount you would invest and decision whether to get into an IPO.

❹ Define your investing strategy and create an action plan. Are you trading or investing? What is your strategy? What is your stop loss and when will you take profits? What do you expect and what will you do in different scenarios?

❺ Use your edge. Every one of us has a specific circle of competence that provides us with a unique insight on a business or an industry. As an example, if you are an interior designer or an architect, you would have known Wilcon Depot, Inc. (WLCON) is a leader in the field of home improvement. You might have even brought some clients there for them to personally choose their wares. So, you know it is a good growing business as you might have also observed the increasing number of branches over the years.

❻ Learn as much as you can about the company. Read the prospectus. The prospectus is composed of hundreds of pages. It basically has the most information pertaining to the company. It may seem long and boring, but it is worth the read. Think about this. You will be putting your hard-earned money in the company. So, you must study it thoroughly.

Below are some important sections that you need to take note of:

Summary of the Offer. It details the offer price and how the money will be used. The lock up period, which is usually at least 180 days, basically states that the insiders cannot sell their holdings within that period. It also details how one can subscribe to the IPO.

Risk Factors. It states the possible risks of the business, from specific business risk to recessions.

Use of Proceeds. It gives a more specific breakdown of how the funds will be used. Take note that in general using the proceeds for additional capital is preferred than using it to pay off liabilities or buy out previous owners.

Dividend Policy. It states how much dividends the company plans to pay. This is important especially for those who want regular dividends. It can also signify the growth prospects of the company as a lower dividend payment rate could mean higher future growth potential.

Selected Financial Information. It contains the company's financial statements and other key financial metrics that highlight important trends in the company's financial conditions and results of operations for the past years.

Management's Discussion and Analysis. It states the management's outlook on the company's financial condition and operations, and helps investors understand the changes in the financial results including the factors that could affect the company's future.

❼ Aside from the prospectus you can also read up on research done by analysts. It should give you another perspective on the company.

❽ If you are investing, you should also look at the business model of the company and the track record of the management. Is the business scalable? Does the management have a history of successful execution of plans?

❾ Determine the value of the company. Find similar businesses in the industry that are already listed to value the IPO. As an example, you can use Wilcon Depot, Inc. (WLCON) and compare it to AllHome Corp. (HOME). Use public comparables such as price multiples on sales and relevant metrics to compare the two.

❿ It is also notable that the size of the IPO matters. A company with a smaller capitalization will generally be more volatile than a bigger cap one. A smaller percentage of float or shares tradable may also result to higher fluctuations.

After considering all these factors it is clear that the best way to avoid getting burned in a hot IPO market is to focus on the fundamentals, be rational amidst the hype and let your profits run while quickly cutting your losses short. MS

Should You Invest in Properties Abroad?

By RICHARD THADDEUS CARVAJAL, RFP®

International investments are gaining popularity among investors these days, and it is not hard to see why. These international investments, when carefully thought out, can rake in huge returns. However, the same investments can also incur huge losses, especially if this is your first attempt at expanding your portfolio into a new market.

When it comes to deciding which properties to purchase and where, the answers are not always as simple as Yes or No. As with all other investment opportunities, there are a lot of factors that you need to consider before you make your final decision.

So, in this article, let's look at some of the key factors that you need to take into consideration before you push through with your investment plans.

Property Title and Ownership. Before anything else, it is important that you first confirm that you are dealing with the legal property owner and that the property title does not have any pending issues. Also, you need to confirm if there is any debt on the property of your choice.

Confirming these matters can be difficult, given the remote nature of the transaction. However, it is always in your best interest to act with caution. Otherwise, you could be walking straight into legal trouble or get yourself caught up in a debt you did not incur.

Property Location and Local Amenities. You know the drill when it comes to deciding which properties to invest in: Location. Location. Location. If you want to generate a steady stream of passive income with that investment property, you need to make sure that it is located in a prime area. Check the transport links, local amenities, and the demographics in the area.

For example, is the property located near a tourist destination? Then you would want to look into the off-peak travel times in that area. That way, you can anticipate when market demand in that area falls and thus look for ways to generate income in months when there will be fewer tourists than usual.

Independent Valuation. Not all properties make a good investment, even if they seem like one at the outset. For this reason, seasoned investors obtain an independent valuation for the properties that they are considering, despite the fact that this can be costly.

Having an independent valuation done on the property will help ensure that the transaction you will be making is relatively secure and that the property does not pose any financial or legal threat to you.

Funding. Next to confirming property title and ownership, funding is one of the biggest and most crucial factors you need to take into account before making your planned purchase.

The process of choosing a property that can bring you the highest returns is pretty straightforward. It is also relatively easy to figure out which property has the best location for your investment goals. Securing financing for your international investment, on the other hand, can be a challenge.

Since the property you want to purchase is under the jurisdiction of international laws and you will need to transact with your creditors in terms of the local currency, there is a high chance that your loan application will be rejected.

In this case, it is important that you obtain an "Agreement in Principle" before you even confirm your purchase. That way, you can opt to reclaim the initial deposit you have made on the property in case your loan application falls through.

Taxes. Investing in a property abroad can also mean additional taxes and liabilities for you. Keep in mind that since the property is bound by foreign tax policies, you will have to conduct due diligence on the costs that you will need to shoulder in the event that you decide to continue with the investment.

For example, determine which costs you will need to repay once at the point of purchase. In some cases, investors are required to repay stamp duty costs and title transfer taxes, so make sure that you are aware of policies such as these before pushing through with the purchase.

Local Exchange Rates. Another factor that you should take into consideration are the exchange rates. Since you plan on purchasing a property abroad, it is important that you produce the right documents that will allow you to bring in money from your home country to the country where your investment property is located.

In some cases, you may be asked to get a Certificate of Importation plus open a local bank account to streamline the process. Knowing the legalities you need to take care of can do much in creating a smooth and trouble-free transaction.

Property Manager. One of the disadvantages of owning a property overseas is that you won't be there to personally oversee it. Unless you plan on relocating to that country as well, it is crucial that you hire a trustworthy property manager who can handle the asset on your behalf.

So, check with a property management firm in the area where you plan to invest, and arrange for a team of reliable experts to do a regular maintenance check in your property. True, hiring a property manager can be costly, but it is also the most efficient way for you to keep your assets safe.

Contingency Plan. Even the best plans can go wrong, so it is best to prepare yourself for worst case scenarios. For example, do you already have an exit strategy for when your investment goes downhill? Having an exit strategy in place will help ensure that your losses are kept to a minimum.

It is also important that you keep yourself updated on the performance of the global market so you can act immediately once things take a turn for the worse.

Of course, there are other factors that you need to consider other than the ones listed above. If you are unsure whether an international investment is right for you at this time, it is always best to consult a professional. MS

GCash Futurecast 2021:
The Country's Undisputed #1 E-wallet Shares a Peek Into its Newest Innovations for the Year!

Introducing new in-app products and services to make finance easy, approachable, and accessible to all Filipinos!

From starting out as an e-wallet for making fast & secure online transactions to being the undisputed #1 mobile wallet app in the Philippines, GCash is now transforming itself once again to respond to the call of the times by launching new products & services to further its vision of making Filipino lives better everyday, with finance solutions made for all.

GCash as a platform has enabled Filipinos with digital finance which is easily accessible through their phones. With 1 in 3 Filipinos currently using the app after growing its user base from just more than 20 million in January 2020 to over 40 million to date, GCash is going beyond just providing seamless & secure transactions through cashless payments. This does not stop the leading mobile wallet to just be still and not look forward to the future. The organization has anchored its thrust towards building robust financial services offerings, extending the app capabilities to fit the lifestyle of its users, empower businesses and entrepreneurs across different enterprise sizes, and anchor the app's ecosystem, partnerships, and capabilities to be a change agent and to commit to doing its part of nation-building.

With new financial & lifestyle services, GCash now allows its users to shop, save, invest, get insurance coverage, and more—all within the GCash app. That not only means having a more frictionless user experience and convenience for all, but more importantly, it means that many Filipinos will now have access to services that could help unlock a better everyday, and eventually, a brighter financial future.

"We want to make a real difference in the lives of every Filipino and break the existing boundaries to enable financial freedom. We envision a Philippines where people have equal access to financial opportunities and lifestyle choices, where everyone, whether rich or poor, has a chance to unlock and achieve their dreams," shared Martha Sazon, President & Chief Executive Officer of GCash.

Unlock Your Financial Potential . GCash continues to stand by its commitment of making finance accessible to all with its 2021 suite of affordable products & services built to kickstart success for everyone.

Consumers can now unlock their life goals at any stage with

Financial Services Team Jerome Lim (Head of GInsure), JF Darre (Chief Data Officer), Maxine Pinpin (Head of Invest)

GInvest, the new easy investment feature found in the GCash app that lets you invest for as low as P50 in professionally-managed local and global funds.

Amidst the pandemic, those who are looking for affordable coverage can turn to GInsure, where they can get insurance for medical emergencies such as Dengue, COVID-19, and accidents for as low as P300. With this, consumers can also get financial assistance via Cash For Medical Costs and the recently launched Cash For Income Loss due to any cause—all accessible through GInsure within the GCash app.

For easy money management, GSave is the fully digital, secure, and hassle-free savings account that was built in partnership with CIMB Bank, wherein the only requirement to start is an ID and a smartphone. It's fully accessible once the account is created; and has no maintaining balance, no fees, and no initial deposit.

As a better alternative to high interest loans and borrowing money for emergencies, GCredit serves as a fully-verified user's personal credit line within the App, with the ability to provide those with high GScores up to P30,000 credit line and up to 3% prorated interest rate; the earlier the due is paid, the lower the interest rate.

Chito Maniago - Head of Corporate Communications

"At GCash we want to be able to democratize access to financial services," shared JF Darre, Head of Financial Services and Advanced Analytics of GCash. "We aim to break down barriers of entry for Fillipinos and make them realize that saving, investing, or even insuring one's finances can be accessible to all."

Unlock a new lifestyle with GLife. With the aim to provide more than just convenience, GLife is an e-commerce feature within the GCash app that now allows users to shop and avail themselves of exclusive deals from a wide array of merchants including GOMO, Gong Cha, Kraver's, McDonald's, Puregold and PureGO, Lazada, Recess, Boozy, Bo's Coffee, Mama Lou's, GawinPH, KFC, Datablitz, Cherry Shop, Gameone, Goama Games, and more. Users and merchants alike can leverage the GCash payment system making it an easier e-commerce experience for everyone, and making GCash the new super life app.

"Accessible right from the GCash dashboard, you can already enjoy more than 35 brands across retail, food, gaming, entertainment and transport. And we have more coming every week that will surely cover all your lifestyle needs." said Winsley Bangit, Chief Customer Officer of GCash.

Unlock The Entrepreneur in You with GCash QR on Demand. As part of its mission to help mobilize the economy and support all types of entrepreneurs, GCash introduces GCash QR on Demand: a new and better way to securely send and receive money without having to worry about "wrong sends" due to incorrect numbers, or giving away personal information such as their mobile numbers. Users can easily generate their own Personal QR and use this in place of giving their GCash number, for safe and hassle-free payments whether for personal use or for small businesses.

For fellow Filipinos abroad, GCash intends to aid and empower OFWs to take control of their finances by making the same products and services accessible to them. Every OFW with a verified account can now cash-in to his/her own GCash wallet via international remittance partners, and remit those funds instantly in the app. Through GCash's upcoming GPadala service, OFWs can also send money to a non-GCash user for cash pick up anywhere in the country.

"We have great ambition for 2021 for MSMEs and Filipinos in every corner of the globe; we know how this whole sector will be more critical than ever for our economy, and GCash can make a real difference in this sensitive situation. People need it. The country needs it." shared Fred Levy, Chief Commercial Officer of GCash.

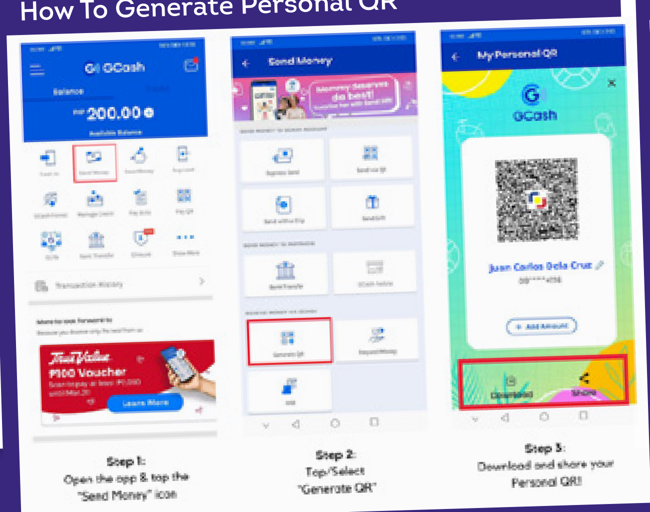
Unlock Social Impact. As part of its holistic sustainability agenda for 2021-2025, GCash is one with the nation as it aligns itself with the UN's Sustainable Development Goals. This includes pursuing efforts beyond business results such as helping make financial literacy and education accessible for all.

Plans to make this happen include the Kaya Mo, GCash Mo Roadshow, the design and roll-out of Future-Ready Hackathons, and the launch of G NA! IDEAS Para Sa Pinas. This 2021, GCash continues to pursue collaborations to achieve even bigger things with efforts like GCash For Good and the GForest platform.

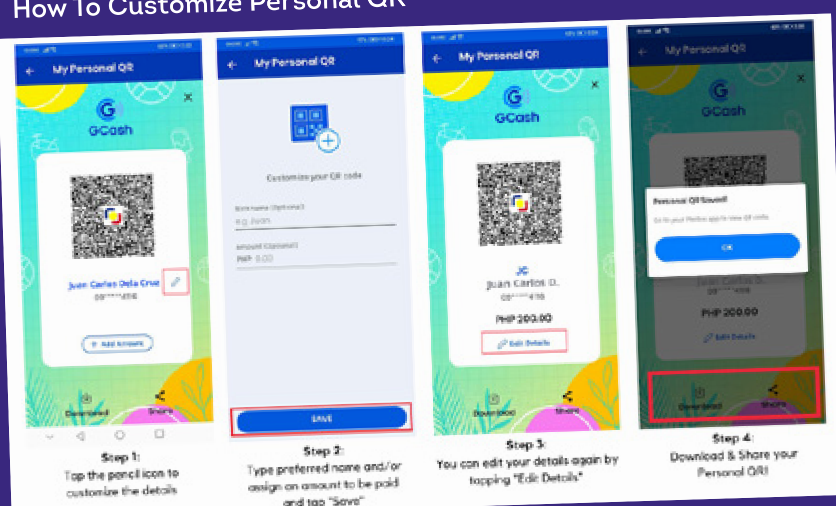
"At the end of the day, we will all go back to our core purpose—to help one another in times of need and indeed unlock our desired impact on the society as a whole," said Chito Maniago, GCash's Vice President of Corporate Communications and Public Affairs.

GCash is all about breaking existing boundaries through efforts to democratize access to financial opportunities and lifestyle choices, while making sure that all these innovations and initiatives lead to a better and healthier community for all. MS

How To Generate Personal QR



How To Customize Personal QR



The Cost of Pet Ownership

By FITZ GERARD VILLAFUERTE, RFP®

Owning a pet has a lot of emotional benefits. However, it can be expensive to have one. If you're thinking of getting a pet, then you should seriously take a look at your budget first.

Moreover, always reconsider if you're giving a pet as a gift to a friend or loved one. Because your good intentions might ruin their cash flow.

Below are the costs of owning a pet. Particularly, these are expenses you'll incur for having a dog or a cat. By being aware, you'll be more financially prepared to welcome a new furry member of your family.

❶ Adoption Fee. Adopting a pet is better than buying one. But it's not always free. Local shelters use the money from adoption fees to sustain their operations.

❷ Veterinary Expenses. Medical check-ups for pets are important. The moment you get a pet, it is advisable to bring them immediately to a veterinarian to inspect their health and wellness.

Typically, you'll have to spend for the check-ups, vaccines, and other common procedures such as de-worming.

❸ Food. This is the most significant cost of owning a pet. While dogs and cats can subsist on table food, it is not recommended because these lack the proper nutrients that they require.

The best way to save money on pet food is to buy in bulk. But also, know the proper amount of food they need as advised by your veterinarian to avoid overfeeding them.

Lastly, it is also possible to make your own pet food. There are free recipes and video tutorials online that can teach you how.

❹ Vitamins. Like people, pets will have times when they won't feel well. Usually, pet vitamins are the first thing that vets prescribe when this happens.

However, for puppies and kittens, in particular, you'll most likely have to provide them vitamins to aid their immune system and help them grow strong and healthy.

❺ Grooming. Another costly part of owning a pet is grooming. Fur maintenance and nail cutting need to be done regularly. Of course, you can try to learn how to groom them yourself, to save on costs. But you'll need to buy the tools to do them.

❻ Supplies. Regular pet expenses will also include their hygiene supplies such as soap and shampoo. There's also leashes, feeding bowls, litter box, toys, among others.

It's great to own a pet. Numerous studies have already proven their positive effects on a person's life. But make sure that they won't be a source of financial stress.

Talk to your friends who are also pet owners and get an estimate on how much it costs them to take care of their pet. Knowing those figures will help you plan and prepare your budget. MS