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# YAMAN Coach

EMPOWERING YOU

## Semper Paratus (Laging Handa!)

by Coach Raphael T. Manalaysay, AFP®

Growing up, I was lucky to have had the chance to have been a boy scout. And its motto of “Be prepared” (Latin: Semper Paratus) has stayed with me throughout my life. And to my mind, there is no better time than now to follow this motto. In late March, I received a call from a friend. He said he was just let go as his company began cutting costs and was preparing for the worst business conditions due to the COVID 19 situation. He is the family’s sole breadwinner and they have three young school-age kids. He was, like me a former boy scout. The good thing was that he was prepared. I share below some of the key points I gleaned from our conversation.

It is never too late to prepare. And the time to do this is now. If you are still employed right now, start a savings plan. Begin by taking stock of how you spend your salary, what are the necessary recurring expenses, and eliminate the non-essentials. After that, calculate if you can set aside 5%, 10%, or as much as 20% of your monthly income and put this is an investment product that will at the least beat inflation and will give you a positive return. The initial goal here is capital preservation.

List down all your debt. If you have the means, pay down the most interest. If the loan amount is significant, it may be a good time to talk to your bank and see if they have any deals to offer for bringing down the cost and/or extending the loan maturity without any penalties.

Having multiple credit cards with outstanding balances that you revolve complicate your financial situation manifold. Not only are these awfully expensive but will eat away at any savings you can generate unless you eliminate and pay these down quickly. If you lost your job and you were a good customer, credit card companies are typically happy to work out solutions. And cut the card usage. Down to zero if possible.

If you have lost your job due to cost-cutting by your company, do not despair. Take it from someone who has been on this road before. It does not stay like this forever. The best thing to do is not to panic. But best of all, prepare. A few must-dos:

1. Take a few days off before jumping into your job search.

2. Review and refresh your resume.
3. Reach out to your network and widen your network.
4. Do not be afraid to get help from family.
5. Get a lock on your expenses and monthly bills.
6. Be deliberate in your job search. If you have experience, leverage it.
7. Finally, never give up. Persevere.

At this time, no one knows when this pandemic will end. What is clear is that until a vaccine is found, the normal that we all knew will not be the same. Use this time to crisis-proof your personal finances and always be Boy Scout smart - be prepared.



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When people ask me what specific area of law I practice, I reply that among the areas in law practice, I engage in estate planning. And to this I often get a quick reply, “So, you focus on real estate?”

While estate planning, to a certain extent involves handling real estate, it is definitely not all about real estate.

An estate plan is simply a plan for the disposition of whatever an estate owner leaves behind, taking into consideration several factors such as the estate owner’s goal, the payment of estate taxes, the proper distribution to the estate owner’s heirs in accordance with his or her desires and what the law requires, among other things.

Among the problems pointed out by estate planners that may arise because of the lack of estate planning are strained relations among family members, shrinkage of the estate due to estate taxes, penalties and litigation expenses, the non-fulfillment of the wishes of the estate owner, properties becoming unutilized because of quarrels and litigation among the heirs and loss of ownership and control of the estate owners.

Personal financial planners consider, on one hand an estate plan as separate and distinct from a comprehensive personal financial plan. But on the other hand, one cannot construct a “comprehensive financial plan” without taking into consideration certain aspects of estate planning.

Estate planning can be divided into two parts, “Estate protection” and “Estate control and distribution.”

“Estate protection” deals with protecting the estate in case of death or disability of the estate owner. In estate protection a key question that is answered is, in case the estate owner passes away how much estate taxes should be paid. To determine this, the property relation between husband and wife is considered. Other key questions that need to be answered in estate protection in case of death or disability of the estate owner include answering key questions on what are the family needs that must be met such as education and living expenses. Other expenses that need to be taken into consideration in case the estate owner passes away include hospital,

# Estate Planning 101

by Coach Atty. Zigfred Diaz, RFP®, EnP, ReA, ReB, CSS, AEPP

funeral and debt and settlement expenses. Estate protection is the part of estate planning that is usually included in the comprehensive personal financial plan.

“Estate control and distribution” first of all answers the question on how the estate should be distributed. To determine this, legitimes, the desires and wishes of the estate owner and the intricacies of testate and intestate succession need to be considered. A second question that needs to be considered is the extend of control and the enjoyment of the estate owner of his property in case the property that is made subject to estate planning is distributed while the estate owner is alive. Lastly, the preservation of the estate and the perpetuation of the legacy of the estate owner needs to be considered. “Estate control and distribution” is too complex and complicated to be included in a comprehensive financial plan, hence this requires a separate plan which is referred to as the “comprehensive estate plan.”

Some people assume that lawyers are in the best position to draft a comprehensive estate plan. While in some sense this is true, unfortunately law practice in the country is more reactive than preventive, and most lawyers only enter the scene when conflicts arise. Estate planning requires a thorough knowledge about personal finance as well.

There are only a few lawyers in this country that focus on estate planning. Lawyers and even non-lawyers who engage in this practice of estate planning usually take certificate courses that cover the subject of personal finance, investments and estate planning. These certificate courses usually lead to (global) designations to exhibit one’s thorough knowledge about estate planning.



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## Editor’s Note

Efren LI. Cruz, RFP®  
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Sometimes, personal finance is better appreciated if it is presented in reverse order of financial goals. Many for example would want to leave a good and lasting inheritance for their heirs. But to do so, one would need to preserve the wealth to be left behind especially during life’s pre-departure stage, which is retirement. Then again, the wealth to be enjoyed in retirement needs to be created and grown through effective wealth management. A person would be blessed if he is able to enjoy retirement. But some who are wary of a short life expectancy would only be prudent in protecting their downside through risk management, which are life and health insurance. And to ensure that premium payments do not lapse because of overly taxing debt servicing, a person would need to practice wise debt management. Finally, debts can only be serviced on time through habits learned through efficient cash management. This is personal finance in reverse.

### PFA EVENT - MAY 4-7, 2020



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