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YAMAN Coach

EMPOWERING YOU

Education Planning's Pomp & Circumstance

by Coach John Hero A. Salvador, RFP®

For parents, very few music themes will be as poignant as Pomp and Circumstance (the default graduation march music background). Hearing the music while your child goes up the stage to finally get his or her diploma encapsulates years of hard work and sacrifice for both you and your child.

It is challenging to say the least for parents who will need to muster all available resources to send their children to the best school they parents can afford, on top of providing for the daily needs of the family. That is why education planning is an important financial activity for a household with children.

So, how does a household go about planning for a child's education? To fit the limited space in this new e-Newsletter, let us focus on college funding. And for this, I suggest starting with estimating the current tuition fee of the college or university to which a child is to be enrolled.

As of this writing, the following table provides a snapshot of tuition fees for some universities:

University	Average Annual tuition
University of the Philippines	Php 45,000
Ateneo de Manila University	Php 170,000
De La Salle University	Php 215,000
University of Santo Tomas	Php 110,000
Mapua University	Php 160,000
University of San Carlos	Php 75,000
Mindanao State University	Php 18,000

The next step is to simulate the future value of the tuition fees above using an appropriate time frame and inflation rate. The time frame is the numbers years it will still take for a child to get to college. On the other hand, the college education inflation rate as of the May 2020 posting of Philippine Statistics Authority is around 6%.

It should be noted that tuition fees do not stop inflating after the first year of college. Therefore, estimates for college tuition fees need to be continually inflated per year until the child graduates.

Knowing the total cost of education will allow an individual or a financial planner to create an investment program dedicated for education planning. Of course, the investment program will be tempered by the household's risk profile and available resources and should be grounded on realistic returns on available asset classes.

Another thing often overlooked is that education planning needs to be integrated with insurance planning or "Plan B" should the breadwinner/s be called early from this life.

Options for integrating education planning to insurance planning are buying renewable term insurance and variable unit linked insurance policies. It would be advisable for the household to solicit advice from a reliable financial planner not only to come up with a credible education plan integrated with insurance planning but also the point the way for executing such plans.

Households need to remember that education is a right and it is the responsibility of parents to provide such education. In many ways, providing the best education that parents can afford without breaking the bank is the best inheritance that parents can leave to their children. Pomp and circumstance will be the icing on the cake.



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Go placidly amid the market noise, rumors, and the haste, and remember what peace and riches there are in less market activity and silence.

As far as possible, without surrender, be on good terms with all market participants. Speak your truth quietly and clearly and do not spread false rumors about stock prices nor immediately buy and sell based on rumors. As Warren Buffett, one of the wisest stock market investors says, "With enough inside information and a million dollars, you can go broke in a year." Always remember a fundamental law in stock market investing, "Returns decrease as motion (actively-managed trading) increases."

Listen most especially to the value investors and fundamental analysts. However, imbibe lessons too from the pure technical analysts, for they too have their own story to tell. Avoid loud and aggressive traders especially those who use only pure technical analysis and who disregard the fundamentals, for they are vexations to your portfolio.

If you constantly compare your portfolio with others, you may become vain or bitter; for always there will be those who have greater gains in their portfolio than yourself. Enjoy the gains that you have and stick to your game plan. Monitor the stocks of the companies with durable competitive advantage for they produce real wealth in the changing fortunes of time.

Exercise caution in investing, for stock market investing has its share of trickery. Avoid getting over-leveraged with your portfolio. At the same time, do not be intimidated by stocks. The stock market is the greatest money making machine invented by man and if done properly will most certainly let you achieve great returns.

Be yourself. You may learn all you can from books, seminars, mentors, and gurus. But in the end, it is you who will do the actual buying and selling. Take kindly the counsel of the years for as you learn

The Intelligent Value Investor's Desiderata

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more about stock market investing especially if you read and learn about investing from a business perspective, you become a much wiser investor.

Nurture strength of spirit to shield you during volatile market down turns especially during bear markets. Do not stress yourself out with what other market participants are doing. Many who get burned in the market are those who follow blindly what others are doing. While knowledge of stock market investing is crucial to success, of equal or even utmost importance is emotional stability amidst market noise.

You are an intelligent value investor and if you have done your homework well, your buy and sell decisions are no less correct than the decisions made by the famous value and intelligent investors of the past and present.

Therefore, be at peace with how your portfolio is doing no matter how seemingly small your gains are. In the long run as, Benjamin Graham, the father of value investing said, "the stock market behaves like a voting machine, but in the long term it acts like a weighing machine." True value will in the long run be reflected in its stock price. And whatever your labors and aspirations in the noisy confusion of the stock market, keep peace in your soul. With all its sham, drudgery, and broken dreams; it is still a beautiful place to grow your money. Be cheerful.

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Editor's Note

Efren Ll. Cruz, RFP®
Editor-in-Chief



You cannot buy more,
of forevermore.
Your time is allocated,
to the portion dictated.
Time is the most crucial,
to goals most personal.
Time makes goals
affordable,
and makes life
enjoyable.
So, make the most of
your time,
while you are still in
your prime.
Plan for goals way
ahead,
avoid goals being shed.

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