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PFA

YAMAN Coach

EMPOWERING YOU

10 Reasons for Investing in Stocks (part 3)

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

Investing in the stock market forces you to learn

When you invest in the stock market you are forced to read the business news and place significant meaning on major news headlines. News to you does not only become something to be discussed over coffee but something that is of great interest to you since will want to know it will affect your investments. You will be compelled to understand terms used in finance and in business that you did not even dream of understanding. You will become smarter and will be compelled to keep on learning in order to expand your knowledge. If you slept through your economics or business class before, your eyes will be wide open when you try to figure out what inflation means and what its impact on your investments will be. Indeed, you will become very inspired to learn!

Investing in the stock market gives new meaning to the term "knowledge is power" and will make you realize how important the internet is

Today we live in what we call as the age of knowledge or the "information technology age." In this age, knowledge is power. For a lot of people that term is considered just a mere adage. But with online trading you will truly know what it really means. With the advent of the internet age, information is readily available at the click of the mouse. Online investing and trading is executed in a fraction of a second by merely letting your fingers do the walking. All of these you get to do in the comfort of your home or wherever in the world you might be.

Investing in the stock market properly is more stress free

When you hear the phrase "stock market investing" what comes to your mind? Well for most people, they picture geeky people staring at computer screens like zombies all day.

So why do I say that investing in the stock market properly is more stress free? Majority of us think that the stock market is stressful because of its volatility. Well its only true if you are a day trader. However, over the long term the stock market is quite simple.

I am not saying that you do not have to work hard to succeed in stock market investing. You might have to do some heavy reading on annual reports, books, business news and other stuff that might update you about the companies you are buying. You may work hard, but you will learn to enjoy it, making it not as stressful as you imagined. This of course will only happen if you do stock market investing the proper way.

You think that Warren Buffett who is the world's greatest investor would have a very hectic schedule and stressful life? Well he once said "I really like my life. I've arranged my life so that I can do what I want."

(to be continued)

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Many people have to grapple with the fact that Covid-19 has made unemployment and underemployment real threats. How can a people navigate this crisis, manage its financial impact and prepare for an uncertain future? Firstly, people need to be grateful and have faith that this crisis will pass. Having an optimistic mindset will go a long way during these times as it is more conducive in terms of finding solutions to problems. To develop that mindset, people need to begin with being grateful with what they have - family, friends, shelter, and the ability to get by with basic needs.

Next, there is a need to look closer at the balance sheet and cash flow.

Assets

During this pandemic, it is important to protect assets. I am not referring to material assets but rather to the actual person. How can this be done? By staying healthy - eating well, regularly exercising and taking ample rest, and seeking counseling if needed. Also, the need to practice good personal hygiene cannot be overemphasized.

Another measure is to protect the person with health insurance and the lifestyle of family members (who may be left behind should the breadwinner be taken from this life early) with life insurance . The risk of the level of health suffering and even the loss of life is precisely heightened during the pandemic. If there is an existing policy, it needs to be kept in force. If there is no policy, the logical step is to consult a financial planner for the most cost effective one.

Liabilities

Under the Bayanihan to Recover as One Act, there were reprieves regarding payments, not only on utilities but also on the outstanding loans. This law may lead to complacency in settling obligations. To manage liabilities, particularly interest-bearing loans, people need to keep complete records of obligations to be settled and allotted grace period and due dates. Needless to say, paying bills on time and not buying things on credit will prevent debt from growing. People can also negotiate with creditors for better terms (longer grace period and/or lower rates). When there are several

CoVid-19 and Money

by Coach John Hero A. Salvador, RFP®

several debts, people need to focus on paying more to the debt that bears the higher interest. While there is advantages to having fewer creditors, which is the objective of the "snowball method", the real enemy is total interest. But if only the minimum payment can be made to loans, particularly to credit cards, just pay one minimum all throughout and not use the cards again. The credit card balance will be fully paid in less than three years.

Income and Expense

Even crises give rise to opportunities. During this pandemic, people may consider having multiple sources of income provided the extra activity will not kill the main occupation. While it is only logical to defer discretionary spending during this crisis, surprisingly the pandemic has seen a rise in Internet online spending on non-critical expenses, apparently a side effect of being in quarantine So, people should stop adding things to their online seller shopping carts for later consideration. In fact, it would be best to just stay away from spending Apps altogether. These online sellers have come out with ingenious ways of making Internet surfers believe that they will be missing out on a good thing if items on display are not purchased right away, like the same month number and same date sales. At the same, question whether an item being eyed is really part of non-discretionary expenses. Finally, check out the worst online comments first as they can serve as deterrents to buying.

This pandemic taught us many things, among which is sound financial management. The pandemic's threat will eventually be gone but hopefully the lessons we learned from it will remain with us for good.

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Editor's Note

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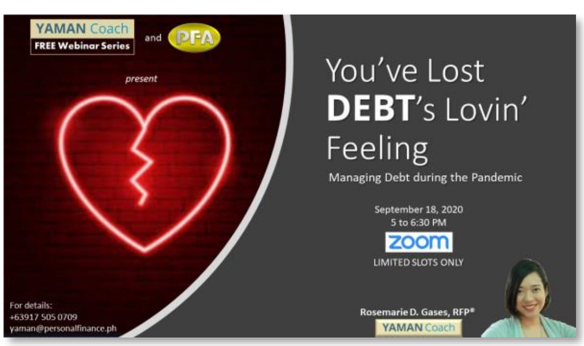
Editor-in-Chief

The three methods to pay down credit card debts are: 1) snowball; 2) interest monster; and 3) **EnRich**™ GOOD (i.e. getting out of debt). Under the snowball method, the first step is to use extra cash to add to the minimum payment on the credit card with the smallest outstanding balance regardless of interest rate. The goal is to finish paying one credit card quickly to get a psychological win, that of having one less credit card to pay and one date in the month freed up from being a payment due date. The interest monster method's goal is to get psychological wins every month by chipping away at total Peso interest, which is the real monster, and not just reducing the number of credit cards and due dates, which are but the minions. Under the interest monster method, more is paid to the credit card debt with the highest interest. For both methods, there will be fixed amounts to be paid every month, the borrower will need to raise the extra cash from getting a side job and/or cutting back on expenses, and the cards will not be used again. The **EnRich**™ GOOD starts with the sum total of the minimum payments and sticks with paying that total minimum amount monthly. Debts should be fully repaid in under 3 years. And there is no need to raise additional cash from a side job and/or cost cutting.



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