ISSUE 14 | VOLUME 3 | July 31, 2022

YAMAN Coach™

EMPOWERING YOU

Parents Give the Worst Advice

First, let's try to understand some of the advice of parents. Parents say you should not pay bills at night as that represents cash outflow just when you are about to go to bed. We are going out on a limb here to say that it may be because they perceive the practice as bad luck, like encountering a thief in the night.

But why should you not pay your bills at night? This is a chore. After a hard day's work, the evening is probably the only time for you to pay your bills. And in this day and age of high tech, you need not fear because of security protocols protecting online transactions and the speed at which your payments are credited to your payee's account.

Your parents might be arguing from a time when such technological marvels were non-existent. But at the same time, the thief in the night that they may be referring to is also fatigue. You must admit that a person performs better when his mind is fresh. So, as a compromise, would you find it too objectionable to make paying your bills as one of the boxes that you can check in the morning?

"Buena mano" is the practice of giving discounts to the first customer of the day, right? While the belief may be that practicing "buena mano" brings good luck, it is actually an effective selling technique. Go to a wet market early in the morning and ask for the price of any item. The vendor may give you an initial price but will settle for a lower price, whether you ask for it or not, just to move the item. And then they will say, "buena mano lang." This will give your brain the added incentive of taking the item because, as behavioral economists say, the brain cannot resist passing up on what it perceives to be a good offer. The phrase "buena mano lang" is magical.

When you get or give a new wallet, the practice is to put some money in it already for good luck. Mind you, there is no lucky wallet. As the saying goes, easy come, easy go. And with wallets, is it not as easy to put money in as to take it out?

But perhaps what your parents want is to simply promote the habit of saving. Here's a trick to help keep money in wallets. Always keep crisp bills of large denomination in one section, and the dirty and crumpled ones of small denomination in another. Because your brain is repulsed by things that look dirty and gives little value to loose change, it will tend to get rid of the dirty and crumpled bills more than the crisp and new ones. One last thing though, keep most of your money in investments to keep them out of sight and out of mind and to avoid the temptation to spend.

It can be said with confidence that whatever advice your parents give you has meaning beneath the surface. You just have to dig them up, figuratively.

As to your right to manage your own money, you have to admit that you entered this world with nothing and that you will also leave it with nothing. All the things you had to start with in life, like your strength and wisdom, were all lent to you. Your rental obligation is to profit from your strength and wisdom to enjoy life for yourself and others. And every bit of advice to achieve that end helps.

In law, usufruct is the legal right of using and enjoying the fruits or profits of something belonging to another. But you also have the obligation of preserving that something. In the larger circle of life, what you need to do is called stewardship.

Investing in HD

When high definition or HD channel first came out, it was amazing to see the clarity of the picture. But when an HD channel is watched with a large screen TV, it will blow your mind with the detail of the picture. What is funny is that you could also now see that the once porcelain-skinned actors also had skin blemishes like ordinary mortals. Still, the blemishes did not take anything away from their skill in acting.

Investing is touted as the greatest thing since the invention of sliced bread. Investing helps people better afford their future. It is a basic concept in economics and is often referred to in personal finance as the central theme of time value of money.

People and businesses have built their fortunes around investing, from the lucky beginner to the richest investor alive, up to the most savvy trader there is. Investing has propelled a once sleepy department in the banking industry called the Trust Department into the forefront of finance.

It seems that investing is nothing but smooth and cool. But if you were to look a lot closer at investing, it is like any other activity, fraught with tales of hardships and risks. In other words, it also has its own kind of blemishes.

Still, risks are not the rewards of investing. Risks after all can be managed. The advice is to take only the risk you need to take. That level of risk may not be the one you want to take in investing; but if it is the level that you need to take, then go ahead and accept it like you would any challenge in life.

Investing is never easy, and don't let anyone convince you otherwise. But you can grow the callouses to withstand the pain in many ways. There is in depth research. There is Peso cost averaging. There is diversification. There is the use of professional fund managers through pooled funds and investment management accounts.

But the better way to weather investing is to manage the other components of the wealth formula, that the funds you want for defraying the costs of your future needs are based on the money you start with, the amount of additional money you can invest periodically, and the amount of time you devote to investing. The more you have of the latter three, the less investment return you will need to reach your target funds. And the lower your investment return, the lower the risk you will need to take.

It is true that investing up close (or when viewed in HD), just like the once thought of porcelain skin of actors, also has imperfections. But those blemishes do not take anything away from the potential rewards from well thought-of investing.

You can only manage risk in investing; you cannot neutralize it altogether. The better way to manage risk is to control what you can control, which are the money you start with, the funds you can add periodically and the time you keep investing.

Again, take only the risk you need to take, and you will finally get to fully enjoy investing in HD.

Editor's Note

Efren Ll. Cruz, RFP®
Editor-in-Chief

Money Makes Investors Go Around the World

The pandemic spawned by SARS CoV II pandemic has made poor countries even poorer and rich countries even richer. But such extreme imbalances usually do not last.

Western nations were the inventors of the vaccine against SARS CoV II as well as the drugs to treat CoVid 19. They were the first out of the gate in terms of freer mobility after lockdowns. Their economies were the beneficiaries of massive social spending that boosted economic growth. Right now, however, Western nations are the ones facing the prospect of recession amidst high inflation. Europe in particular is facing a bigger threat because of its proximity to the Russia-Ukraine war. CoVid 19 cases are on the rise again and many Western nations are considered hot spots.

With this backdrop, global investors are now seeing economic bright spots in emerging market and developing economies (EMDEs) with Asia and the ASEAN, in particular topping the list. EMDEs, which had delayed vaccine rollouts and longer/stricter lockdowns now have much fewer CoVid 19 cases . EMDEs, with some exceptions, are beginning to come out of their lockdown shell and display solid, sustainable growth and much tamer inflation.

It would thus not be a surprise to see global investors knocking on the doors of the once laggards during the pandemic. After all, they too deserve to have their day in the sun.

www.personalfinance.ph

To know more about becoming a **YAMAN** Coach™, contact us at:
yaman@personalfinance.ph
+63917 505-0709 • +632 7218-0141