

STEP

1

Understand and Overcome the Obstacles to Building Wealth



“Intindihin at labanan ang mga hadlang sa pagpundar ng yaman.”

It's a fact that sufficient savings is essential for the economic well-being of the family, yet more than 90% of Filipinos have too little or no savings at all to shield them from a financial storm. In a survey conducted by Citibank in December 2007, it was revealed that only one out of ten Filipinos make an effort to save and that the average Pinoy's savings will only last nine weeks once they lose their jobs, get sick or meet an accident and unable to work. What's troubling is that the average monthly salary of those who took part

in the survey was P30,000. This means that the millions of Filipinos in the lower-income bracket are in a far worse situation.

People come up with so many excuses to justify why they don't have any savings. You probably have your own favorite "*palusot*" to explain why you can't save. The first step in building wealth is to understand the barriers that prevent people from saving consistently. By understanding these obstacles you can then take the necessary actions to overcome them and move you a step closer to your dream of financial freedom. Below are nine serious obstacles (you can call them the "unlucky nine") that you need to understand and learn to conquer.

1. Lack of income

This is the most common reason given for not being able to save and sadly, it's true! A huge number of Filipinos are just within or below the poverty level. Millions of families can barely provide for their basic needs and there is simply not enough money to save. *Marami ang nagsasabi, "kulang pa nga sa pang-araw-araw na gastos yung kinikita namin, paano pa kami makakapag-ipon?"*

Lack of income is certainly a big obstacle to wealth building but you do not have to resign yourself to a lifetime of low salary or earnings. Use this barrier as a challenge to find creative ways to increase your income. Stop complaining and start doing something to rise above your poverty. Adversity, they say, is the mother of creativity. The burning desire to overcome their difficult living conditions has led self-made billionaires like John Gokongwei and Henry Sy to rise from the bottom and all the way to the top. Step 7 will show you different

ways to increase your income so you can save more and stop making excuses.

From poor Chinese immigrant to one of the world's wealthiest

Henry Sy was only 12 when he left China and followed his father to the Philippines. He cried when he saw his father: a poor man, struggling to make his sari-sari store work. The young Henry worked 12 hours a day in his father's store and looked for ways to increase the store's income.

Near the end of World War II, they lost everything. One of his father's two sari-sari stores burned down and the other looted. The elder Sy went back to China but a hopeful Henry Sy stayed behind and went into "buy-and-sell" of different kinds of stuff to survive. After the war, he started selling American shoes imported from GIs and later opened a shoe store.

Henry Sy kept on finding ways to increase his income to support his growing family and soon opened ShoeMart which sold not just shoes but accessories, leather goods and clothes. In the next few decades he was able to build 21 supermalls which at present are visited by 1.6 million Filipinos everyday.

About 70 years after arriving from China with no money, Henry Sy became one of the richest persons in the world with a fortune that reached \$2.6 billion in 2007. His extraordinary success was a result of hard work, persistence, discipline, thriftiness, eagerness to learn and the desire to make things happen.

2. Poor spending habits

Filipinos have very poor spending habits; wasting their money on a lot of things that they don't really need. *Bibili ng bagong bag, damit o sapatos kahit na yung huling binili ay isang bes-es lang nagamit at dalawang taon nang nakatambak sa isang*

sulok. You or someone close to you is probably guilty of habitual reckless spending.

A lot of people seem to make it a point to spend all the money that gets into their hands even if they don't have to. *Hangga't may nadudukot sa bulsa o sa pitaka, tuloy-tuloy ang paggastos*. Worse, some people continue to spend even if they have run out of money by using their credit cards. You should be aware that every time you use your credit card, you are spending your own money; money that you still haven't earned.

Paano masasabi ng isang "mahirap" na tao na hindi niya kayang mag-ipon dahil maliit ang kita pero maya-maya nasa kanto, nag-iinom, nagyoyosi o nagsusugal. Almost everyone is capable of saving regardless of their level of income. Saving and building wealth is not just a question of how much you are earning but more importantly it is about how much you are keeping and growing.

Break out of the habit of irresponsible and careless spending; especially if your income is limited. Always see to it that you spend less than you earn. *Maging wais sa paggastos ng iyong pera!* In Step 5 you will learn about strategies and practical tips on how to spend your money wisely.



Kapag ang tao'y matipid, maraming maililigpit.

3. Lack of patience

Many Pinoys have a short supply of patience when it comes to saving and growing money. They want to get rich as quickly

as possible; that is why thousands have been victimized by investment scams. They are easily attracted to get-rich-quick schemes that promise unbelievably high profits within a short time even if they don't work for it.

Millions are also into gambling hoping for that one big win! *Libu-libo ang matiyagang pumipila sa Eat Bulaga o Wowo-wee, nagbabakasakali na manalo ng jackpot.* Because of people's impatience they never get to start saving or simply give up and instead leave it up to fate and luck to make their future financially secure.

You do not build wealth through luck; it is a slow, deliberate process that requires regular and continuous saving and investing for a long time. It doesn't happen in a few days, weeks or months; it takes many years. But it can be done! So be patient and be persistent in saving. Do not focus on how slow your money is growing. Instead look at how you're getting nearer to your dreams with every peso you save.



Kung walang tiyaga, walang nilaga.

4. Procrastination (“*tsaka na*” habit)

Filipinos are well-known for their “*mañana*” or “*tsaka na*” habit. It shows in a lot of things that we do or fail to do: *pag-eexercise, pagpapapayat, paggawa ng project o assignment, pagpapaayos ng bubong, paghahanap ng trabaho. Puro tsaka na!* Even when it comes to saving, we procrastinate. Many put

it off for another day... and then another... and then another, only to find out later that they have run out of time.

When a person lands his first job, instead of saving he spends all his money to have a good time and enjoy life as a reward for the sacrifices he endured in college; *“bata pa naman ako, enjoy muna, tsaka na lang yung savings.”* Then he finds the love of his life, marries her and puts off saving once again because *“mag-eejoy muna kami ni honey at marami pang bi-bilhin, tsaka na lang kami magsi-save!”*

The kids come along and saving becomes even more difficult because of the added expenses especially when they get to college. Late in their careers, the couple still doesn't have any savings and they continue to work hard to provide for the family. Upon retirement, they have to endure poor living conditions because they have only little money to support their needs (unless their children take care of them). They will probably spend the rest of their lives thinking about what happened and what could've been done to make their retirement much more comfortable. *Sayang, huli na ang lahat!*

This is a very sad story but one that is quite common. Do not allow yourself to go down this path. Start saving as early as possible. Delaying will cost you money. Remember that time is money; a lot of money as you will see in Step 4. Do not wait for the “right time” to start saving, because the right time is NOW!



Kung magagawa at di gawin,
di na magagawa kung ibigin.

5. “Bahala na” attitude

Ang Pinoy, atapang atao, hindi atakbo. Faced with a difficult situation, he will courageously plunge into action declaring, “bahala na!” This is an admirable trait but a very poor and risky attitude to use when trying to attain financial security. It means you don’t know what to do. *O tinatamad ka lang na gawin ang dapat gawin. O umaasa ka na suswertihin at pagdating ng araw bigla ka na lang yayaman.* Well, good luck na lang sa ‘yo! Whatever the reason, there’s little chance that you will achieve your goals if you say “bahala na!”

You do not get rich by accident. Building wealth requires detailed planning and consistently doing important tasks like setting aside a certain amount for savings every month and investing it wisely. It’s not for the lazy, who just depend on others for their continued survival. Your financial future is your responsibility, so do what is necessary to make sure that it’s a bright one. *Hindi dapat “bahala na” ang sinasabi mo kundi “ako ang bahala!”*

6. Lack of self-confidence

Although many Filipinos are used to saying “bahala na” not so many are confident of their capabilities to accomplish greater things. People prefer to stay where they are and do their usual thing even though it does not improve their situation. You often hear people say, “*ayokong yumaman, mahirap gawin yon, di ko kaya.*” *Marami ang umaayaw kahit di pa nasusubukan.*

Kung may mga bagay na hindi mo sinubukan dahil natatakot ka na hindi mo ito kaya, pagtanda mo palagi mo na lang iisi-

pin, “*ano kaya kung ginawa ko yon!*” You will never know unless you try. It is better to have tried and lost than not to have tried at all. Do not be afraid of failure. Failure makes you stronger and wiser and gives you a better chance of succeeding the next time around.



Sa taong walang takot,
walang mataas na bakod.

Believe in yourself; believe you can. If others could do it, so can you. You will never know if your life will be the next rags-to-riches success story unless you try. After reading this book you will be convinced that regardless of your present situation you can still achieve financial security in your lifetime. Self-confidence improves with experience so make a habit of doing the steps outlined in this book. Refer to this guide again and again so you will learn how to master your money.

7. Hopelessness (“*kawalan ng pag-asa*”)

Filipinos are naturally close-knit; people in a community share a strong bond with each other and often share the same sentiments and have the same attitude. Growing up in a poor community seems to prevent most people from taking steps to improve their financial condition. Although they dream of a better life, they don’t have the desire to go for it. “*Isinilang kaming mahirap, mamamatay kaming mahirap*” is a common expression of hopelessness and resignation to their fate.

Let go of beliefs that hold you back from achieving financial independence. Strive to break free from your financial diffi-

culties. *Wag kang sumuko sa iyong kahirapan dahil hindi ito hadlang para ikaw ay magtagumpay.* As long as there are people who have successfully risen above poverty through hard work, discipline and persistence, there is always hope that you can, too.



Habang may buhay, may pag-asa.

8. Pressure from family and friends

Many parents, mostly those who failed to plan for their own financial security, pressure their working children to give them regular financial support and also demand that they take care of the education of their siblings. *Sila tito, tita, lolo at lola, si insan at mga pamangkin, pati mga kaibigan at kapitbahay maya-maya humihingi din ng tulong.* Such demands can seriously affect your capacity to save and often there's nothing left for you to set aside.

Si Ryan ay isang OFW na nagtatrabaho sa Middle East. Tuwing umuwi siya sa Pinas palagi niyang sinasabi na hindi na siya babalik abroad dahil mahirap ang buhay dun. Pero kadalasan, di pa lumilipas ang tatlong buwan ay naghahanda na uli siyang bumiyahе palabas dahil paubos na ang pera. Sa sobrang dami kasi ng nagpapa-blowout at humihingi at dahil sa walang katapusan na pamimili ng kung anu-ano, di tumagal yung naipon, kaya napipilitang magtrabaho uli sa ibang bansa.

Learn to say “no!” If you can't afford to give what they are asking, tell them! Responsible parents should not obligate

their children to give financial support. If they have taught their children well, they won't have to demand; it will be given freely. The next time someone borrows from you or asks you to spend on something, don't give in easily even if you have the money. Make them realize that you work hard for the money and you are making each peso count. Let them understand that you also need to save and prepare for the future. Give them a copy of this book so they will learn about proper money management and hopefully will stop asking you for money.

Filipinos are known to be "*mabarkada.*" Unfortunately, some *barkada* will try to influence you to abandon desires of a better life because you're having too much fun spending all your money. They will also say "*suntok sa buwan yang pangarap mo 'pre at malabong mangyari.*" If you are easily swayed by such carefree *barkada*, you may be forced to give up saving or stop working hard to achieve financial security rather than risk getting kicked out of the group.

Do not let anyone dictate your future. Avoid people with "crab mentality." They will pull you down every time you take a step going up. Surround yourself with people who will support and motivate you to reach for your dreams. Look up to highly successful people; read and learn more about them. Make them your personal role models and let them inspire you in your own journey towards success.

9. Low financial IQ

The Citibank survey mentioned in the beginning of this chapter confirmed a long known fact: Filipinos have low financial

IQ. More than 50% of the survey respondents have average or poor overall understanding of money management and personal finance. Based on my interaction with them, the percentage of people in the lower-income group who lack financial literacy is a lot higher.

Maraming tao ang may kakayahan na mag-ipon at magpundar ng yaman, kaya lang di nila magawa dahil hindi nila alam kung paano gawin. Hindi naman kasi ito itinuro sa eskwelahan. In short, they are financially illiterate. People who are lacking in financial intelligence will not be able to apply strategies for saving effectively or identify investment opportunities which can greatly boost their savings. Without adequate understanding of personal finance you can easily fall victim to investment scams as well as to expensive and predatory loans that can wreak havoc on your finances or wipe out your lifetime savings.

At every opportunity, educate yourself about personal finance. Read books, surf the internet and attend seminars to learn more about saving, money management and investment strategies. Many people frown on spending a few hundred pesos for a book or a few thousand pesos on a seminar about personal finance, saying, it's expensive. They would rather spend their money on beer and endless partying, a new pair of jeans or shoes, a new cellphone or other things that don't add any value to their savings.

Mas marami pa ang hindi magdadalawang-isip na magbayad ng libu-libo para manood ng live concert ni Beyoncé o ni Avril Lavigne kaysa gumastos ng konti para matuto ng tamang paraan sa paghawak at pagpapalago ng pera. You do not get

rich by spending! You have to realize that the knowledge you acquire from these books and seminars will help you accumulate millions in savings and can be your ticket to becoming wealthy. It certainly beats a concert ticket.

Learning about personal finance does not require a college degree and you don't have to become an expert on the subject to become wealthy. You only need to know the basics, enough to allow you to manage your money properly and make smart investment moves. In fact, too much information can lead to confusion and can do more harm than good.

You have to understand that reading and attending seminars is not enough. Knowledge is useless if you don't use it. It's much better for you to read just one book and start applying what you've learned than reading a dozen books but do nothing. Fortunately, this compact book contains all the essential information you need to get started in your quest for financial freedom.



Lalong gaganda ang kinabukasan
kung tayo ay may pinag-aralan.