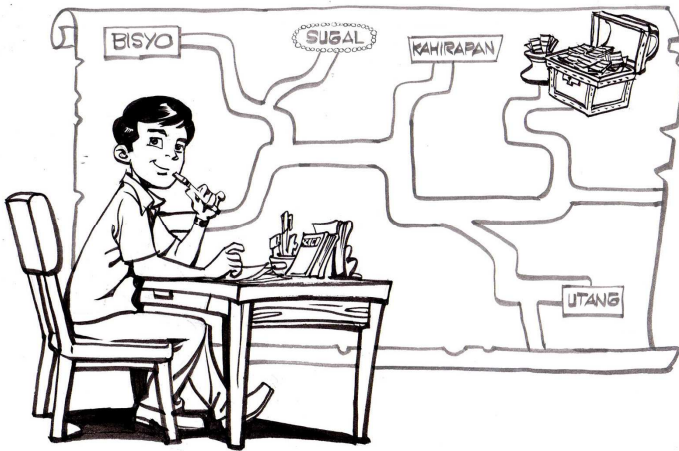


# STEP

# 3

## Find Out Where You Are and What You Have



*“Alamin ang iyong kalagayan  
at ang iyong mga pagmamay-ari.”*

When you are in a mall and you want to go to a restaurant or a shop you look at the mall directory. The maps in the mall directory have a dot or drawing that says “YOU ARE HERE.” This little sign lets you know where you are and helps you plan the fastest way to get to the restaurant or shop you are looking for. *Kung wala ang sign na ‘to medyo mahihirapan ka. Kahit na alam mo na ang eksaktong lokasyon ng gusto mong puntahan, matatagalan bago mo ito marating kung hindi mo alam kung nasaan ka sa loob*

*ng mall. Baka hilo ka na sa kakaikot at kakalakad hindi mo pa ito makita.* The same thing can happen when you are going after your goals. If you don't know where you are now, it will be harder for you to achieve your objectives.

The third step in our wealth building program is to learn about your present financial condition. Being aware of your current situation will allow you to develop a better plan of action to accomplish your goals. *Kapag alam mo kung ano ang meron ka sa ngayon, malalaman mo rin kung ano pa ang kailangan mong gawin para maabot ang iyong mga pangarap.*

There are three things you need to know to determine your present financial situation: *assets*, *liabilities* and *net worth*. You probably don't hear or read about these financial terms often but these are just fancy names for things you are already familiar with:

- ***assets*** are things that you own (*mga ari-arian*)
- ***liabilities*** are things that you owe (*mga utang*)
- ***net worth*** is the real measure of wealth & easily computed

Government employees, public officials and companies are required by law to submit a statement of assets and liabilities (SAL) every year. *Kahit hindi ka taong gobyerno ugaliing gumawa ng personal SAL para malaman mo ang iyong pinansyal na katayuan.* But it doesn't have to be as complex and as detailed as those prepared by accountants. Since it is for your own use, a simple list will do; forget about the rules followed by accountants.

Whenever you prepare your list of assets and liabilities always write the date so that it will be easy for you to compare lists made at different times and see if your financial condition is improving

or getting worse. Refer to the sample list of assets and liabilities below as you continue to read this chapter.

**SAMPLE LIST OF ASSETS & LIABILITIES**

As of December 31, 2007

**ASSETS (Mga Ari-arian)**

**1. Properties**

Bahay at lupa	P	800,000.00
Kotse	P	350,000.00
Furniture & appliances	P	120,000.00
Alahas	P	30,000.00
Damit, sapatos at iba pa	P	50,000.00

**2. Savings & investments**

Cash	P	10,000.00
Deposito sa bangko	P	20,000.00
Mutual funds	P	30,000.00
Pension Plan	P	90,000.00

**TOTAL ASSETS P 1,500,000.00**

**LIABILITIES (Mga Utang)**

Utang sa bahay	P	500,000.00
Utang sa kotse	P	150,000.00
Utang sa credit card	P	30,000.00
Salary loan	P	35,000.00

**TOTAL LIABILITIES P 715,000.00**

**NET WORTH P 785,000.00**

## YOUR ASSETS

Listing your assets is like counting your blessings. *Kung ngayon mo lang gagawin ito, malamang mabibigla ka pag nalaman mo na marami din pala ang iyong pag-aari at mga biyayang natanggap; mas marami kaysa akala mo.* Get a pen and paper now; start counting and feel blessed.

Each item in your list of assets should have an estimated value, so include only the items that you can convert to money. *Ibig sabihin, hindi mo dapat isama sa listahan ang ibang “assets” mo gaya ng kapogihan o kagandahan o ganda ng boses, dahil hindi natin alam ang katumbas na halaga nito.* List your assets under two groups: *properties* and *savings & investments*.

### **1. Properties**

Your list of properties will include all your real estate properties (your house, condos, apartments, residential lots, farm lots, etc.), cars & other motor vehicles, appliances, furniture, electronic equipment, jewelry, clothes and accessories. Include any collection you have like artwork, antiques, ornamental plants, books, magazines, ceramics, comics, toys, CDs and videos (*hindi pirated*). Look around the house and add to your list anything you see that can be converted to cash.

The amount you indicate for each property in your list, whether fully paid or not, should reflect the present value of the item and not the original price when you bought it. *Ang halaga ng mga ari-arian ay nagbabago, merong tumataas ang halaga habang tumatagal gaya ng house & lot at meron namang mga*

*bagay na bumababa ang halaga gaya ng kotse, appliances at yung bag na binili mo nung huling nag-midnight sale.*

Always use the “*present market value,*” which is the amount you will get if you sell the property. *Halimbawa, kung nabili mo ang iyong kotse noong 2001 sa halagang P500,000 pero P100,000 na lang ang halaga nito ngayon, P100,000 ang isusulat mo sa listahan. Ganun din sa bahay at lupa; kung P600,000 mo ito nabili noon pero tumaas na ang halaga nito sa P1 million, ang ilalagay mo na amount ay P1 million.*

To know the value of your properties ask people who know the latest prices; real estate agents, car dealers, pawnshops and dealers of second hand furniture and appliances. You can also check out the classified ads of newspapers and magazines to have an idea of the present market value of your properties. If you can’t find any information regarding prices just make a good “*guesstimate.*”

## **2. Savings & investments**

The second group in your list of assets will include all the money you have as well as your investments. The money can be in cash or in bank deposit accounts. Investments can include pre-need (pension, educational & memorial) and insurance plans, placements in mutual funds, securities and stocks (you will learn more about these in Step 10). *Kung ikaw ay may negosyo o kasosyo ka sa isang negosyo isama mo sa listahan ang halaga nito. Kung may mga taong umutang sa ‘yo at sa tingin mo mababayaran ka pa, isama mo rin at magdadal ka na sana magkakatotoo ang iniisip mo na mabayaran.*

The value of your cash and bank deposits is easy to determine; you just count and look at your passbook, certificate of time deposit or the ATM receipt.

For mutual funds and stocks you can get the latest “value per share” by reading the business section of newspapers, surfing the internet or calling your agent. To compute the total amount of your investment, just multiply the value per share by the number of shares you own. *Kung ayaw mong magcompute, hintayin mo na lang yung statement na pinapadala ng mutual fund company or stock broker; nakalagay na dun yung total.*

For pre-need plans do not use the total amount you have already paid or the total value of the plan because you will not get this amount if you decide to terminate before the maturity date. Instead, use the cash value or pre-termination value that is indicated in the terms and conditions of your plan. The cash value varies depending on how long the plan has been active and increases as you get nearer to the maturity date.

## **YOUR LIABILITIES**

Now that you’ve counted your blessings, it’s time for you to get a headache. *Maglilista ka na ng mga utang mo.* Liabilities include:

- ✓ housing loan & other real property loans
- ✓ car loan
- ✓ credit card dues
- ✓ salary loan
- ✓ payments for items bought on installment
- ✓ money borrowed from family & friends
- ✓ other payment obligations (example, overdue rent)

Do not include in your list, premium payments for pre-need or insurance plans because these are not considered as liabilities. *Hindi ka magkakautang kung hindi mo ito mabayaran. Baka may makuha ka pa nga na cash value pag ayaw mo nang ituloy yung plan.* Exclude also from the list, payments for rent (except those that are overdue) and tuition fees because these are expenses not liabilities. *Huwag mo rin isama sa listahan ang “utang na loob” pero sana suklian mo balang araw ang pinagkakautangan mo nito.*

It's easy to determine the value of most loans. For credit card dues, the total balance is clearly indicated in the monthly billing statement. For salary loans, appliance installment plans and other short-term loans you can just add the remaining monthly payments. However, for long-term loans, like a 25-year housing loan, do not use the total of the remaining monthly amortization because you will end up with a very big amount.

*Halimbawa, kung ikaw ay nag-apply ng P500,000 housing loan na may interest na 12% at babayaran sa loob ng 25 taon, ang buwanang hulog mo ay mahigit P5,300 o P63,600 sa isang taon. Kung ito ang gagamitin mo, lalabas na may utang kang P1,590,000 (P63,600 x 25 taon)! Di ba dapat P500T lang ang utang mo? Kung bigla kang nanalo sa lotto kinabukasan at binayaran ng buo ang loan, ang P500,000 na principal ang babayaran mo (plus konting fee siguro) hindi yung P1.59 million.*

Always use the “balance of the principal” for long-term loans so that you will have a more accurate value for the loan. You can see this balance in the statements provided by the lender. *Kung wala sa statement, itanong mo na lang sa hiniraman mo, makikita nila ito sa computer.*

## YOUR NET WORTH

Among the three items you need to know to figure out your current financial situation, the easiest to determine is net worth. But this is the most significant. It is computed by subtracting the total value of your liabilities from the total value of your assets.

$$\text{Net Worth} = \text{Total Assets} - \text{Total Liabilities}$$

Net worth is the **true measure** of your wealth. This is what will be left if all your assets are sold to pay off all your liabilities. Even if you have assets worth P10 million you can still have a very small net worth (and in effect not truly wealthy) if your liabilities are huge. *Talo ka pa ng isang tao na kahit konti lang ang mga ari-arian wala namang malalaking utang.*

*Kung si company president ay may total assets na P10M at liabilities na P9.5 million, ang net worth niya ay P500,000. Samantala, si Mang Pandoy na isang regular na empleyado ng kumpanya, ay may ari-arian na nagkakahalaga lang ng P900,000 pero ang utang nya ay P50,000 lang. Ang net worth ni Mang Pandoy ay P850,000 at lumalabas na mas mayaman pa siya kaysa presidente.*

Take note that net worth can be **zero**, which happens if the total value of your assets is the same as the total value of your liabilities. It can also be **negative**. *Ang ibig sabihin ng “negative net worth” ay sobra ang pagkabaon mo sa utang. Kahit na ibenta mo pa lahat ang mga ari-arian mo kulang pa itong pambayad sa iyong mga utang.* This is the kind of debt that will be very difficult to erase. A huge debt that your children and grandchildren may inherit.

If you want to be truly wealthy, find ways to increase your net worth. This can be done by accumulating more assets while keeping your liabilities under control. Choose assets that will bring in more assets like rental properties (*mga paupahan*) or your own business and accumulate assets that will likely increase in value like mutual funds and stocks. To achieve true wealth do more of the things that will bring money into your pocket (assets) and reduce or stop doing things that will take money out of your pocket (liabilities).

Your list of assets and liabilities should be updated regularly, at least once a year. But I recommend that you do it every three to six months. The advantage of updating your list frequently is that you are able to see whatever little progress you're making. *Maka-kita ka lang ng kahit konting pagtaas ng iyong net worth ay siguradong gaganahan ka na ituloy ang pag-iipon at pagpapalago ng iyong mga naipundar.* It will also boost your self-confidence because you know you are doing the right things and going in the right direction.

## **YOUR “INNER ASSETS”**

There are other valuable assets you possess that will not appear in your list but are vital to achieving financial success. These “inner assets” come from within you and include your:

- ✓ Skills
- ✓ Knowledge
- ✓ Experience
- ✓ Talents
- ✓ Strengths
- ✓ Positive Traits

People can take away your material assets. They can burn down your house, steal your car, steal your money, bring your business

down, etc. But nobody can take away your “inner assets.” *Hawak mo ang mga ito habangbuhay. Ito ang matitira mong yaman kapag lahat ng materyal na pag-aari ay nawala sa ‘yo.*

*Suriing mabuti ang iyong sarili para malaman mo kung saan ka mahusay at magaling (hindi tinamaan ng magaling). Knowing where you’re good at will help you choose the right job or business where you have a greater chance of succeeding. Magaling ka bang kumanta, sumayaw o umarte? Pwede kang magtagumpay sa larangan ng entertainment. Mahilig ka bang makipag-ugnayan sa iba’t-ibang tao at tumulong sa kapwa? Maari kang pumasok bilang public servant. Kung magaling ka sa pagpinta pwede kang maging sikat na pintor. If you know what you can do well, you will know where you can excel.*

Many successful people used their natural talent and skills to get to the top and as a result achieved financial freedom. *Si Pacman na ang galing sa pakikipagsuntukan ay naging daan para umangat ng husto ang buhay ng kaniyang pamilya at mga kamag-anak. Si Dolphy na nag-eextra lang dati pero naging hari ng komedya at ilang dekada nang namamayagpag sa pelikula at telebisyon. Si Leah Salonga na nakapagtanghal na sa iba’t-ibang sulok ng mundo dahil sa husay sa pagkanta. Ikaw din, gamitin mo ang iyong angking husay at galing para maabot ang iyong mga pangarap at maging daan para guminhawa ang iyong buhay.*