

# COLAYCO FOUNDATION FOR EDUCATION, INC. (CFE)

Financial Education Summit  
Kuala Lumpur  
December 11-13

# FINANCIAL INDEPENDENCE (KsK) PROGRAM: SEMINARS & WORKSHOPS



## KsK Program Objectives

- To assure the average worker, the OFW, that financial independence (KsK) is within his reach.
- To demonstrate that all the means to achieve “KsK” are available to everyone provided he/she is willing to learn and avail of them.
- To explain the fundamental rules of wealth generation, income and debt management.

## KsK Program Objectives

Enable the participants to accomplish the following:

- Draw up a PERSONAL SAVINGS PLAN for immediate implementation
- Develop time-bound personal financial goals
- Prepare personal balance sheets and income statements

# KsK Program Content

PART I: Y.O.U., Inc.

## 1. Financial Independence (KsK) is an OBLIGATION

- 1.1 Concept of wealth within a free market economy  
("You cannot share what you do not have")
- 1.2 Sources for wealth generation:
  - Active income thru employment, profession or business ownership (active entrepreneurship)
  - Passive income through investments in financial assets, property holdings or private or government pension (passive entrepreneurship)

# KsK Program Content

PART I: Y.O.U., Inc.

## 1. Financial Independence (KsK) is an OBLIGATION

- 1.3 Passive Entrepreneurship (making money work as investor) is a necessity as you can be an active entrepreneur for only a part of your life; But you can be a passive entrepreneur for your entire life.

# KsK Program Content

## PART I: Y.O.U., Inc.

### 1.4 The 80/20 Rule:

- Live within 80% of your active income
- Use the 20% to jump start your wealth generation
- This 20% can build more than 80% of your lifetime wealth

### 1.5 Needs vs Wants (The real problem)

- 3 Ds- Determination; Decisiveness; Discipline

# KsK Program Content

## PART II: Obstacles and Allies

### 2. Overcoming obstacles to wealth generation

#### 2.1 Yourself:

- Fear of failure; complacency
- Spending habits
- Premature acquisition of long term assets

#### 2.2 Inflation:

- Basic benchmark for investment yields
- Financial assets that beat inflation

#### 2.3 Procrastination:

- High cost in delaying to save and invest

# KsK Program Content

## PART II: Obstacles and Allies

### 2. Overcoming obstacles to wealth generation

#### 2.4 Cultural issues:

- 770 Fiestas
- Extended family system (help beyond reasonable limits)

#### 2.5 Taxes

- Biggest impact on property investors
- Consultation with experts is a must

# KsK Program Content

## PART III: Allies in Wealth Generation

### 3. Know and use your allies in wealth generation

#### 3.1 Time (The great equalizer):

- Make every hour count (learn new things)
- Start investing early

#### 3.2 Compound interest

- Every Million Dollars starts with the first Dollar
- Leave your money alone

# KsK Program Content

## PART III: Allies in Wealth Generation

### 3. Know and use your allies in wealth generation

#### 3.3 Leverage:

- Money leverage:
  - Good debt
  - Pooled investments
- People leverage
  - Savings & Loan associations
  - Cooperatives
  - Professional organizations

# KsK Program Content

## PART IV: The Journey: Define financial goals at each life stage

### 4. Financial Life Stages

- 4.1 Start-Up : All income is active; No investment income
- 4.2 Build-UP: 20% of income is passive income (i.e. coming from investments)
- 4.3 Fine Tuning (asset allocation) : Up to 60% of regular income is coming from investments
- 4.4 Retirement: Chosen lifestyle is supported by investment income (no need to work)

# KsK Program Content

PART V: The Journey: Define financial goals at each life stage

5. Know where you are: Your personal net worth

5.1 Statements of Assets & Liabilities (SAL)

(use of workbook & FJC video)

5.2 Personal Income & Expense Statement (PIES)

(use of workbook & OPTV video)

5.3 Personal Net Worth Planning

- Time value of money (future value exercises)

- Rule of 72 (with workbook exercises)

# KsK Program Content

PART VI: The Journey: Define financial goals at each life stage

6. Savings & Investments (with FJC video)

6.1 Back to 80/20 Rule

6.2 Fundamentals of Investing

Yield; Risk & Safety and Liquidity

6.3 Basic Rules in Investing:

Avoid losers. Go with the winners

6.4 Save & invest regularly:

- Averaging down scheme for Mutual Funds

# KsK Program Content

## PART VII: Financial Asset Classes (Risks & Returns)

### 7. Fixed Income instruments\* (Short-medium-long term)

#### 7.1 Government securities

#### 7.2 Private commercial issues

#### 7.3 Mutual Funds & Unit Investment Trust Funds

### 8. Equities\*

#### 8.1 Stock Market

#### 8.2 Stock Mutual Funds & UITFs

Note\*: Presented by guest lecturers

# KsK Program Content

## PART VII: Financial Asset Classes (Risks & Returns)

### 9. Bank & Insurance Products\*

### 10. Real estate\*

#### 10.1 Home vs investment

#### 10.2 Right time for acquisition

#### 10.3 Commercial vs residential

Note\*: Presented by guest lecturers

# KsK Program Content

## PART VIII: Summary & Q&A

- Summary by FJC
- Open forum
- Book signing

# Key Learnings:

- Proper mindset formation is of primary importance. Savings is not in the general consciousness of the earning Filipino.
- Filipinos earn to spend and those who save, save to use. Planning for future personal net worth is a priority area of learning.
- Very few save because they don't know where to put their savings. Educating the public on investment instruments and the procedures on how to access these financial assets is of highest priority.
- One of the major causes of financial distress is premature acquisition of long term assets. The right time to buy real assets is a critical lesson.

# Key Learnings:

- Very poor understanding of debt, its attendant burdens and its almost automatic effect to incur more debt. Proper use of debt for financial growth is an essential subject matter.
- Filipinos are icon-oriented. They tend to follow the “endorser”.
- Practical difficulties in investing in financial assets (e.g. bonds mutual funds): Poor distribution systems make it very difficult for individual small investors to actually invest their savings into these higher yielding instruments. The challenge is to use technology and/or to “bring the mountains to Mohammad”.

# FUTURE PLANS FOR CFE

## PROGRAM

- Wider reach thru Radio
  - 6 million to 12 million listenership from the widest AM radio station covering the whole Philippines.
- Audio / Video Versions of the Books
- Financial Advisory Services
- KsK (Financial Independence) Tour
  - In the Phils
  - Asia, Middle East, Europe, America

## RESOURCES REQUIRED

- \$120,000/year
  - Sponsorships
  - Grants
- Production Cost = \$40,000
  - Sponsorships & Grants
- Existing CFE Organization
- Corporate & Institutional Contracts

# FUTURE PLANS FOR CFE

COLAYCO FOUNDATION  
FOR EDUCATION, INC.

## PROGRAM

- 1 Million “KsK” Piggy Banks for distribution in 2006
- Establish Partnership with institutions in locations where there is substantial presence of OFWs
- Special Research Program about Money & Kids and Money & Women
- Adoption of CFE content material on short courses in Personal Finance offered by Educational Institutions
  - Basic/Secondary/Tertiary

## RESOURCES

- Under study
- Work in Progress
- Under Study
- On-Going with 2 universities

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# FUTURE PLANS FOR CFE

COLAYCO FOUNDATION  
FOR EDUCATION, INC.

## PROGRAM

- Accredit training groups to conduct KsK seminars for private companies, cooperatives, and other organizations
- Establish marketing & training linkages with specific industries with substantial employee force
- Establish distribution arrangements to promote the CFE books in the Middle East, North America, Europe, Taiwan and the ASEAN
- Secure established training materials on money matters from relevant international organizations

## RESOURCES

- Under negotiation
- Work in Progress
- Under Study
- Initial talks with ILO

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## What is Savings?

**INCOME - EXPENSES = SAVINGS**

**WRONG.**

## What is Savings?

**EXPENSES - INCOME**

**= DEBT**

**TERRIBLY WRONG!**

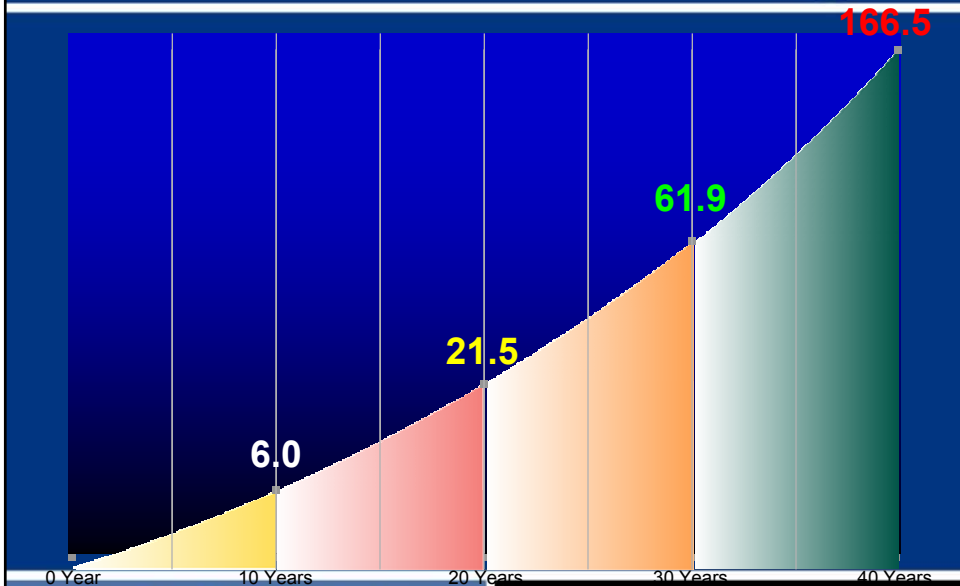
# What is Savings?

INCOME - SAVINGS

= EXPENSES

**RIGHT ON!**

**\$1/day or \$30/mo@10%/yr**



# Passive Entrepreneurship

