

# **Your 5 Easy Steps Guide On How To Control Your Cash**



**Why You Are  
Throwing Away Millions**

**Ermz Teodocio**

## **Disclaimer:**

This E-book is not intended to provide a concrete solution to individuals who are struggling with their finances but to serve as a guide for educational purposes, and its application solely depends on their choice.

As the Author tries her best and effort to provide accurate information based on her personal experience and learning's, it specifically disclaims any liability, loss, or risk incurred as a consequence, directly or indirectly, resulting to the use/misuse of this information and materials.

All rights reserved. No part of this book may be reproduced, used, or by any information stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, recording, photocopying, scanning, or otherwise, without the prior written permission of the author.

Copyright © 2013 by Erma Teodocio

## **Acknowledgements**

### ***My Mentors***

*Their priceless wisdom and guidance changed my financial mindset, bringing me to discover my full potential to change my life, re-establish my dream towards its fulfilment.*

### **Anna Santos and Elaine Penaflores-Tolbo**

*I am extremely grateful for your invaluable help in editing this book. Starting my journey in writing made possible through you.*

### **Nasvin del Rosario**

*Your invaluable contribution in helping me out to get the exact computation of earnings earned for a given period of time.*

# CONTENTS

- I. Introduction
- II. Lessons from the Ants
- III. Your Five Easy Steps Guide
  - 1) Stop Borrowing
  - 2) Protect Your Family and Asset
  - 3) Live in 70% of Your Income
  - 4) Set Aside 30% of Your Income for Special Fund
  - 5) Create Your Special Fund
    - a) Your Tithe Fund
    - b) Your Freedom Fund
    - c) Your Emergency Fund
    - d) Your Wealth Fund
- IV. Conclusion - committing yourself to do it

## Preface

*“If someone is going down the wrong road,  
he doesn’t need motivation to speed him  
up. What he needs is education to turn him  
around.”*

*– Jim Rohn*

# I. Introduction

This book aims to give guidance to individuals who are struggling with their finances and who wonder why despite of the hard work, huge income and working almost 16 hours a day do not suffice, making them live from paycheck-to-paycheck.

Several questions would pop up each time such as “What went wrong?” I work hard day and night, but it seems that what I earn is not always enough. How would I be able to get out from this? Do I need to change jobs with a higher salary? Find a sideline? I tried small retail businesses but failed. What should I do? How about? And so on. I found myself landing in this dilemma several times, but I can’t find a concrete answer to my questions. I only get confused from several advices given to me.

How could I concretely answer these questions? Where do I ask advice from? How could I break free from it?

Financial ignorance or shall we say being financially stupid has its costly mistakes. I am, believe me, for almost seven years. When my family unexpectedly had been under financial crisis, I got buried in humungous debt.

My mindset before was that every payday, I would pay my dues; and when I would run short of cash to pay my dues, I would borrow money from lenders to be paid at shorter terms but with extremely high interests. Unknowingly, this had become my comfort zone for a long time without knowing that I was putting myself slowly into a much deeper pit of debts until I painfully realized that I could no longer control my finances.

Since I didn't know how money works, I let it control me and as a result, my debts piled up multiple times due to accumulation of interests, large enough as though I was eaten out alive.

Due to mental fatigue and exhaustion, I needed to change the course of my life, thus, I began my journey through investing to gain my financial education.

Understanding how the money should work, we must first know where the cash comes from.

Is it entirely from your fixed salary, business income, or just from extra work?

Is this enough? What if it is not always enough? From here, where do you go?

Let's say you have all the cash on hand. Maybe the next big question would be, "Are you controlling your cash? Or your cash controls you?"

So, how can you manage from here?

Another question.

If you are receiving a fixed income each month, are you withdrawing your cash immediately after it's deposited? Do you look for things to buy? Or would you rather pay your bills first, purchase your basic needs, and spend on things that are needed? Would you dine out? Would



you rather think something like, how to double it by saving or investing or say, giving your tithe?

If you are a business person, where does your daily income go? Is it to the bank? Paying Bills? Operating Expenses? Do you have profit or not? If you have a profit, how do you manage it? Are you spending it on gadgets or on nice things you want? Or are you considering to re-invest in order for your money to grow?

What if you are always short of cash? Do you curse or do you bless your day? What should be your best option?

It's obvious, isn't it? Of course, you would prefer to be blessed. Choosing to bless the richness in our hands would simply change our attitude towards money.

Let's have some learning first.

## II. Lessons From The Ants

*“Take a lesson from the ants and learn from their ways and become wise.  
They labour hard all summer gathering food for the winter.”  
– Proverbs 6:6*

*“Learn from their ways and become wise. They labour hard all summer gathering food for the winter.”* You would ask, why do I need to learn from these small creatures? What is the connection?

Okay, have you tried watching the ants? Or have you tried to really closely observe them? If yes, what did you see and observe? If not, try to watch and observe them for a minute or two. Notice what transpires during the moment. What are they doing or where are they going? If you noticed something about what they do, then learn how they did it.

As I observed several times, I thought maybe it's hard for them too. They work hard all summer because they know that when winter comes, they have less chance to go out and look for their food that would sustain and give life to them. They ensure that their storehouse is full and

never gets empty until such point that it's time to go out and start working again. Their only opportunity to work hard is during the summer, whereby very focused on their goal, goal to gather food as much as they can...for the wintertime.

Like the ants, we too have the capacity to focus on our goal and prepare for our future.

Did it ever cross your mind that living too long is a burden if you are not financially healthy?

So, how do we prepare for it?

What are the things that are needed to be done?

These 5 easy steps guide that I would like to share with you is one of the things that I learned from one of my mentors, Bro. Bo Sanchez.

## III. Your Five Easy Steps Guide

*“To those who are committed to take  
action produce results.”*

Let's learn how these five easy steps guide will help you to control your cash and eventually create millions once you commit yourself in doing it.

1. Stop borrowing.
2. Protect your family and asset.
3. Live on 70% of your income.
4. Set aside 30% or more of your income for special fund.
5. Create Your Special Fund.

**Let's start:**

# 1. Stop Borrowing

*“The borrower is a slave of the lender.”*  
- Proverbs 22:7

Why?

Are you aware that the global crisis and economic recession continuously happen worldwide? United States, United Kingdom, and in other countries, it is still happening because of a simple reason: people borrow too much and fail to pay on time, where some take longer than necessary to pay back.

This verse should be considered well, Proverbs 22:7 says, *“The borrower is a slave of the lender.”* I am one of them due to my financial ignorance.

So, when family crisis strikes and with zero resources at hand, my next action would be to borrow money; followed by borrowing money in order to pay another debt, which was one of the wrong actions I did. Now, I greatly discourage you to even think about it, borrowing

money with higher interests in order to pay debts. If it is needed to borrow in order to consolidate your debts and lower your monthly payment and combined interest, you can do so. Make sure that you can still sustain after paying regularly without failing.

For those who have manageable debts and want to control your cash, stop borrowing now. On my part, it is difficult to start with, especially that I have no other sources of income to start with, except for my salary. I needed to do it to consolidate and lower down my amortization. Of course, this does not have to happen right away. I have to carefully assess my next step.

Paying off debts would not happen overnight. But decision should be made, and plan should be executed for a short period of time as much as possible. Discipline is the key.

True enough, even though it's painfully hard, you can start by taking one step at time. As Mark Twain has said; *"The secret to getting ahead is getting started."* Once you started, sooner, you'll realize that you're halfway towards

your goal and eventually near to completion to pay off debts.

Don't stop until it's fully done. Give your FOCUS to it.

Here are the things that you can do in order to determine the extent to settle your debts.

- 1) List down all your payables.
- 2) Identify the short-term and long-term loans.
- 3) Determine which one to go first – should be with higher interest.
- 4) Determine which loan that you can ask for reprieve for at least three months to a year, as you work through your added sources of income.
- 5) Compare your income and expenses. Which is higher?
- 6) If the expenses were higher... cut what is needed to cut.
- 7) Find other sources of income to augment the expenses, which need regular funding.
- 8) Cut credit cards if you can't afford to fully pay right away purchases. Then, negotiate for easy

installment plan that you can afford to regularly pay without failing until paid.

Do you know the secret of credit cards companies? They want you to borrow. Cash advance is easy to do and very tempting with easy access. It is an advantage on their part if you only pay the minimum because they are earning as much as 42% from the interests every year, not including the late fees. Imagine the cash you carelessly throw away.

But again, temptation is here; the big giant screen is so enticing to purchase with easy payment scheme of zero interest.

Before you get tempted to give in, ask this first.

- 1) Can I afford it with my current **net** earnings?
- 2) Is this really important?
- 3) Can I still live without this?
- 4) Do I need it?

Late bill payments can cause tensions, sleepless nights, and more.



Think hard.

Stop borrowing now.

## 2. Protect Your Family and Your Assets

*“A big part of financial freedom is having your heart and mind free from worry about the what-ifs of life.”*

*– Suze Orman*

Why do you need to do it?

Do you have a growing family dependent on you? Do you have a home? Or other listed properties?

Why do we need to protect our family? And protect our assets?

It is for a simple reason that we love our family.

Are you covered by insurance? Is your home insured? What if something happens unexpectedly?

Nowadays, unexpected events do happen in a blink of an eye; calamities occur naturally. So, insuring our properties will save us from worrying in the event of natural disasters.

How about you? Of course, we all know that it is not us who determine how long we live. If God would call us home, are you ready? Either yes or no, the choice is not ours to make. We are not the one who determines our days to live. So, are we protected? If we suddenly leave our family, will they be able to live comfortably in your absence?

I am not a believer of insurance policy before, but now I appreciate its purpose.

For your quick appreciation of insurance, here are some of the things that you may want to get familiar with, in its simplest meaning possible.

- 1) **Life Insurance** - A life insurance policy is a contract with an insurance company. In exchange for premiums (payments), the insurance company provides a lumpsum payment, known as a death benefit, to beneficiaries in the event of the insured's death. (\*) Or simply it pays out a sum of money either on the death of the insured person or after a set period.

- 2) **Accident Insurance** - provides cash benefits for injuries resulting from an accident. **Accidental Death and Dismemberment** (also known as **AD&D**) is a policy that pays benefits to the beneficiary if the cause of death is due to an accident. This is a limited form of life insurance which is generally less expensive. (\*)
- 3) **Health Insurance** - is insurance against the risk of incurring medical expenses among individuals. (\*)
- 4) **Education Insurance** - is a life insurance product specially designed as a savings tool to provide an amount of money when your child reaches the age for entry into college (18 years and above). The funds can be used to pay for your child's higher education expenses. Under this policy, the child is the life assured, while the parent/legal guardian is the policy owner. (\*)

5) **Property Insurance** - provides protection against most risks to property, such as fire, theft and some weather damage. This includes specialized forms of insurance such as fire insurance, flood insurance, earthquake insurance, home insurance, or boiler insurance. (\*)

When my mother got sick and we were in and out from the hospital, since she is my dependent on my health insurance with the company I worked for, the hospital bills were less. If I am not gainfully employed during this time, I would not know where to get money to pay for this occurrence.

As you evaluate on which insurance you need to have, look for an insurance company with a solid business portfolio. Ask and learn from someone who knows the business by heart.

### 3. Live in 70% of your Income

*“There is no dignity quite so impressive, and no one independence quite so important, as living within your means.”  
- Calvin Coolidge*

Now you would ask me, how in the world could I live in 70% of my income if right now I am living between 120% and 150%?

As simple as it is, you spend more than what you earn or you are not living within your means. On my part, even though I live in 30% of my income, 60% of it goes to paying off debts – and still this is not enough to cover my dues month-after-month.

To start with, managing my cash is painfully hard for me, but I do my best to find ways in order to manage it, pay off debts, invest in my financial education, and start to invest in small amounts from my earnings.

Now, your goal is to control your cash in order for you to manage what you earned. The little expenses you spend each day go out easily just like being blown by the wind.

Now it's in your wallet and in a few minutes or less while in the mall, it will be gone; here you are gets home broke, waiting for your next paycheck to come. Your recourse again is to borrow. But, remember the number one rule on how to control your cash, "Stop borrowing."

Have you ever thought that these little expenses you had when combined would sum up to millions by now? You are actually throwing away millions. If only I learned this earlier in my life, I am a multi-millionaire by now as I write this book. But then, it's not too late to start again. As, I remember in one of the trainings I attended, the speaker said, *"In this universe, there were billions, trillions of money floating around and exchanging from one hand to another every second of the day, where are you?"* This money is in your hands. You have the choice as to whether spend it or let it grow and multiply.

Let me just illustrate how these little expenses cause us to throw away millions and the majority of us is not even aware of it.

The formula for computing this data is:

*FV(rate,nper,pmt)*

- Returns the future value of an investment based on periodic, constant payments and a constant interest rate.

***Rate*** is the interest rate per period.

***Nper*** is the total number of payment periods in an annuity.

***Pmt*** is the payment made each period; it cannot change over the life of the annuity. Typically, *pmt* contains principal and interest but no other fees or taxes. If *pmt* is omitted, you must include the *pv* argument.

Using the most conservative average interest earned given.

Comparison:

Your money is put in savings account, in time deposit, or invested in mutual funds or directly in stock market.

Let's see the computation on how the millions slip away from your hands:

As illustrated here, if you are controlling these little expenses and choose instead to put in an investment, it would go a long way for your retirement fund one day.

**Important:**

**This should be consistently done each month.**



**Coffee** – with 2 cups of daily consumption @ P30.00, total of P60.00 per day, here is how much your money could be in 5 to 40 years.

### Cash in Peso Currency

2 cups of coffee per day @ P30 = P60 x 30days = P1,800.00					
Investment per month in Peso		Php 1,800.00	Php 1,800.00	Php 1,800.00	Php 1,800.00
Years	Total Money Invested	Savings Deposit ( 1% )	Time Deposit ( 3.5% )	Mutual Funds ( 8% )	Stock market ( 15% )
5	PHP 108,000	PHP 110,687	PHP 117,851	PHP 132,260	PHP 159,434
10	PHP 216,000	PHP 227,024	PHP 258,233	PHP 329,310	PHP 495,391
20	PHP 432,000	PHP 477,814	PHP 624,642	PHP 1,060,289	PHP 2,695,031
30	PHP 648,000	PHP 754,857	PHP 1,144,543	PHP 2,682,865	PHP 12,461,903
40	PHP 864,000	PHP 1,060,902	PHP 1,882,237	PHP 6,284,542	PHP 55,828,899

If cash is in US Dollar Currency and a small cup of coffee costs \$1.60, your invested money multiplies many times over as shown below.

2 cups of coffee per day @ \$1.6 = \$3.20 x 30days = \$96					
Investment per month in Dollar		\$96.00	\$96.00	\$96.00	\$96.00
Years	Total Money Invested	Savings Deposit ( 1% )	Time Deposit ( 3.5% )	Mutual Funds ( 8% )	Stock market ( 15% )
5	\$5,760	\$5,903	\$6,285	\$7,054	\$8,503
10	\$11,520	\$12,108	\$13,772	\$17,563	\$26,421
20	\$23,040	\$25,483	\$33,314	\$56,549	\$143,735
30	\$34,560	\$40,259	\$61,042	\$143,086	\$664,635
40	\$46,080	\$56,581	\$100,386	\$335,176	\$2,977,541

**Dessert and junk food** – This is for those who like to have dessert on their table and sometimes a pack of chips. Let's say you're having it in 20days in a month.

See how your money grows in 40 years, if you can let go of this too.

### Cash is in Peso Currency

Dessert and Junk food - P50 per day x 20days = P1,000.00					
Investment per month in Peso		Php 1,000	Php 1,000	Php 1,000	Php 1,000
Years	Total Money Invested	Savings Deposit ( 1% )	Time Deposit ( 3.5% )	Mutual Funds ( 8% )	Stock market (15%)
5	PHP 60,000	PHP 61,493	PHP 65,473	PHP 73,478	PHP 88,575
10	PHP 120,000	PHP 126,124	PHP 143,463	PHP 182,950	PHP 275,217
20	PHP 240,000	PHP 265,452	PHP 347,023	PHP 589,050	PHP 1,497,239
30	PHP 360,000	PHP 419,365	PHP 635,857	PHP 1,490,480	PHP 6,923,280
40	PHP 480,000	PHP 589,390	PHP 1,045,687	PHP 3,491,412	PHP 31,016,055

If cash in US Dollar Currency and you are spending on it at \$3.00 per day in 20days in a month, see the computation of how your money could grow:

Dessert and Junk food - \$3.00 per day x 20days = \$60.00					
Investment per month in Dollar		\$60.00	\$60.00	\$60.00	\$60.00
Years	Total Money Invested	Savings Deposit ( 1% )	Time Deposit ( 3.5% )	Mutual Funds ( 8% )	Stock market (15%)
5	\$3,600	\$3,690	\$3,928	\$4,409	\$5,314
10	\$7,200	\$7,567	\$8,608	\$10,977	\$16,513
20	\$14,400	\$15,927	\$20,821	\$35,343	\$89,834
30	\$21,600	\$25,162	\$38,151	\$89,429	\$415,397
40	\$28,800	\$35,363	\$62,741	\$209,485	\$1,860,963

**Cigarette** - To those who burn a pack of cigarette per day @ P52.00, here's the potential of your money in 5 to 40 years. In time, you could be a sure millionaire minus the lung cancer and other ailments from smoking.

## In Peso Currency

Cigarette - 1pack per day at P52.00 x 30days = P1,560.00					
Investment per month in Peso		Php 1,560.00	Php 1,560.00	Php 1,560.00	Php 1,560.00
Years	Total Money Invested	Savings Deposit ( 1% )	Time Deposit ( 3.5% )	Mutual Funds ( 8% )	Stock market (15%)
5	PHP 93,600	PHP 95,929	PHP 102,137	PHP 114,625	PHP 138,176
10	PHP 187,200	PHP 196,754	PHP 223,802	PHP 285,402	PHP 429,339
20	PHP 374,400	PHP 414,105	PHP 541,356	PHP 918,918	PHP 2,335,694
30	PHP 561,600	PHP 654,209	PHP 991,937	PHP 2,325,150	PHP 10,800,316
40	PHP 748,800	PHP 919,448	PHP 1,631,272	PHP 5,446,603	PHP 48,385,045

In US Dollar Currency, cigarette costs \$10.00 per pack, if it is invested, your money grows at \$9.3M in 40years

Cigarette - 1pack per day at \$10.00 x 30days = \$ 300.00					
Investment per month in Dollar		\$300.00	\$300.00	\$300.00	\$300.00
Years	Total Money Invested	Savings Deposit ( 1% )	Time Deposit ( 3.5% )	Mutual Funds ( 8% )	Stock market (15%)
5	\$18,000	\$18,448	\$19,642	\$22,043	\$26,572
10	\$36,000	\$37,837	\$43,039	\$54,885	\$82,565
20	\$72,000	\$79,636	\$104,107	\$176,715	\$449,172
30	\$108,000	\$125,809	\$190,757	\$447,144	\$2,076,984
40	\$144,000	\$176,817	\$313,706	\$1,047,424	\$9,304,816

**Lotto Ticket** - for those who buy a lotto ticket at P30.00 per day, here is your money in 5 to 40 years, P27.9M. In time, you could be a millionaire too, without hoping for Mr. Luck.

## In Peso Currency

Lotto Ticket @ P30.00 per day x 30days = P900.00					
Investment per month in Peso		Php 900.00	Php 900.00	Php 900.00	Php 900.00
Years	Total Money Invested	Savings Deposit ( 1% )	Time Deposit ( 3.5% )	Mutual Funds ( 8% )	Stock market (15%)
5	PHP 54,000	PHP 55,344	PHP 58,925	PHP 66,130	PHP 79,717
10	PHP 108,000	PHP 113,512	PHP 129,116	PHP 164,655	PHP 247,695
20	PHP 216,000	PHP 238,907	PHP 312,321	PHP 530,145	PHP 1,347,516
30	PHP 324,000	PHP 377,428	PHP 572,272	PHP 1,341,432	PHP 6,230,952
40	PHP 432,000	PHP 530,451	PHP 941,118	PHP 3,142,271	PHP 27,914,449

In US Dollar Currency, a lotto ticket costs \$5.00, if that is invested, your money can grow at \$4.6M in 40years

Lotto Ticket @ \$5.00 per day x 30days = \$150.00					
Investment per month in Dollar		\$150.00	\$150.00	\$150.00	\$150.00
Years	Total Money Invested	Savings Deposit ( 1% )	Time Deposit ( 3.5% )	Mutual Funds ( 8% )	Stock market (15%)
5	\$9,000	\$9,224	\$9,821	\$11,022	\$13,286
10	\$18,000	\$18,919	\$21,519	\$27,443	\$41,283
20	\$36,000	\$39,818	\$52,053	\$88,357	\$224,586
30	\$54,000	\$62,905	\$95,379	\$223,572	\$1,038,492
40	\$72,000	\$88,408	\$156,853	\$523,712	\$4,652,408

Given the illustration of how your money multiplies, for sure there were still expenses on your list that you can control and can comfortably live without.

The cash that you can control can go a long way if you are disciplined enough to put on savings or invest for

your retirement fund.

The simple multiplier here is the power of compounded interest that your investment is earning, without withdrawing it but re-investing it again together with your monthly add-on of the same amount.

So, have you decided to invest a portion of what you earn now and ready to improve discipline so your money multiplies?

Let's say for a start P1,000.00 per month, here's how your money grows in 40years.

Peso Currency, in 40years you could have P31M.

Decided to Invest @ P 1,000.00 per month					
Investment per month in Peso		Php 1,000.00	Php 1,000.00	Php 1,000.00	Php 1,000.00
Years	Total Money Invested	Savings Deposit ( 1% )	Time Deposit ( 3.5% )	Mutual Funds ( 8% )	Stock market (15%)
5	PHP 60,000	PHP 61,493	PHP 65,473	PHP 73,478	PHP 88,575
10	PHP 120,000	PHP 126,124	PHP 143,463	PHP 182,950	PHP 275,217
20	PHP 240,000	PHP 265,452	PHP 347,023	PHP 589,050	PHP 1,497,239
30	PHP 360,000	PHP 419,365	PHP 635,857	PHP 1,490,480	PHP 6,923,280
40	PHP 480,000	PHP 589,390	PHP 1,045,687	PHP 3,491,412	PHP 31,016,055

In US Dollar Currency, a \$100.00 investment per month, in 40years could yield \$3.1M.

Decided to Invest @ \$ 100.00 per month					
Investment per month in Dollar		\$100.00	\$100.00	\$100.00	\$100.00
Years	Total Money Invested	Savings Deposit ( 1% )	Time Deposit ( 3.5% )	Mutual Funds ( 8% )	Stock market (15%)
5	\$6,000	\$6,149	\$6,547	\$7,348	\$8,857
10	\$12,000	\$12,612	\$14,346	\$18,295	\$27,522
20	\$24,000	\$26,545	\$34,702	\$58,905	\$149,724
30	\$36,000	\$41,936	\$63,586	\$149,048	\$692,328
40	\$48,000	\$58,939	\$104,569	\$349,141	\$3,101,605

What if you can give up some of your shopping spree per payday and decide to invest your cash at P5,000.00 per month.

In Peso Currency, your money grows at P155M from P2.4M total investment

Decided to Invest @ P 5,000.00 per month					
Investment per month in Peso		Php 5,000.00	Php 5,000.00	Php 5,000.00	Php 5,000.00
Years	Total Money Invested	Savings Deposit ( 1% )	Time Deposit ( 3.5% )	Mutual Funds ( 8% )	Stock market (15%)
5	PHP 300,000	PHP 307,465	PHP 327,364	PHP 367,388	PHP 442,873
10	PHP 600,000	PHP 630,622	PHP 717,313	PHP 914,751	PHP 1,376,085
20	PHP 1,200,000	PHP 1,327,260	PHP 1,735,115	PHP 2,945,248	PHP 7,486,197
30	PHP 1,800,000	PHP 2,096,824	PHP 3,179,286	PHP 7,452,402	PHP 34,616,398
40	PHP 2,400,000	PHP 2,946,949	PHP 5,228,436	PHP 17,457,060	PHP 155,080,274

In US Dollar Currency, a \$300.00 investment per month, in 40years you could have \$9.3M.

Decided to Invest @ \$ 300.00 per month					
Investment per month in Dollar		\$300.00	\$300.00	\$300.00	\$300.00
Years	Total Money Invested	Savings Deposit ( 1% )	Time Deposit ( 3.5% )	Mutual Funds ( 8% )	Stock market (15%)
5	\$18,000	\$18,448	\$19,642	\$22,043	\$26,572
10	\$36,000	\$37,837	\$43,039	\$54,885	\$82,565
20	\$72,000	\$79,636	\$104,107	\$176,715	\$449,172
30	\$108,000	\$125,809	\$190,757	\$447,144	\$2,076,984
40	\$144,000	\$176,817	\$313,706	\$1,047,424	\$9,304,816

What if you are earning more than enough and you can afford to invest P10,000.00 per month?

In 40 years, your money grows at P310.1M from P4.8M total investment.

Decided to Invest @ P 10,000.00 per month					
Investment per month in Peso		Php 5,000.00	Php 5,000.00	Php 5,000.00	Php 5,000.00
Years	Total Money Invested	Savings Deposit ( 1% )	Time Deposit ( 3.5% )	Mutual Funds ( 8% )	Stock market (15%)
5	PHP 600,000	PHP 614,930	PHP 654,727	PHP 734,776	PHP 885,745
10	PHP 1,200,000	PHP 1,261,245	PHP 1,434,625	PHP 1,829,501	PHP 2,752,171
20	PHP 2,400,000	PHP 2,654,520	PHP 3,470,231	PHP 5,890,497	PHP 14,972,395
30	PHP 3,600,000	PHP 4,193,649	PHP 6,358,573	PHP 14,904,805	PHP 69,232,796
40	PHP 4,800,000	PHP 5,893,899	PHP 10,456,872	PHP 34,914,120	PHP 310,160,548

In US Dollar Currency, a \$500.00 investment per month, in 40 years you could have \$15.5M.

Decided to Invest @ \$ 500.00 per month					
Investment per month in Dollar		\$500.00	\$500.00	\$500.00	\$500.00
Years	Total Money Invested	Savings Deposit ( 1% )	Time Deposit ( 3.5% )	Mutual Funds ( 8% )	Stock market (15%)
5	\$30,000	\$30,746	\$32,736	\$36,739	\$44,287
10	\$60,000	\$63,062	\$71,731	\$91,475	\$137,609
20	\$120,000	\$132,726	\$173,512	\$294,525	\$748,620
30	\$180,000	\$209,682	\$317,929	\$745,240	\$3,461,640
40	\$240,000	\$294,695	\$522,844	\$1,745,706	\$15,508,027

Do you think it's hard? Or Easy?

Hmmm....

It's too easy, right? Discipline is the key. But your decision to do and act upon it is very important.

For example, if you are starting to invest at the age of 20 and at 40, you can afford to retire early and pursue other things that you have wanted to do and explore. Your best friend here is “time” and “compounded interest earned.”

**Warning though**, fact is, 85% of the people who get into the stock market were losing their money. Why?



Because they are traders who are into buying penny stocks and most were without the expert guidance.

If you want to venture into the stock market, go for long-term investment. This is not a short-term money earning. It is extremely important that you have a mentor to guide you on what stocks to buy, when to sell, and what stocks to buy again.

*For me, I have the Truly Rich Club (TRC) that mentors and guides me because it has a system called Stock Averaging Method (SAM), which gives regular updates about the recommended stocks to buy, the Current Price, Buy-Below- Price, Target Price, and what Actions to Take. I only need have at least 20minutes each month to access my account. I buy additional shares when I have put in enough funds or buy new stocks or sell the stocks when we are advised to sell it. There were also times that I access my portfolio frequently, based on the Stock updates emailed by TRC.*

*The members' privileges include TRC's guidance in your step-by-step journey that will protect you from losing your*

*money and make you a multi-millionaire in time. TRC only recommends Blue Chip companies to buy. (Per Investopedia, Blue Chip means a company that is nationally recognized, well-established and financially sound. Generally sell high-quality, widely accepted products and services).*

*Here, I have presented a 15% average percentage on the stock market because based on personal experience and following the TRC guidance, my money in the stock market grows as high as 40% in a year, by selling stocks that reach its Target Price, and buying more stocks when the market is down and price is relatively on sale. Based on the percentage return of our investment from buy and hold strategy using SAM and depending on stock market performance, past earnings is at 10% to 150%, and it varies in which recommended stocks your choose to invest.*

Another fact, in bank you are not investing, you are lending your money to them. Banks also invest your money. So, instead of putting your money in a bank, why not buy your bank stocks and together you will earn :). Let them pay you. Beat the inflation by investing your money instead of saving it.

So, can you live now on 70% of your income and prepare to create millions?

The answer still depends on you.

Building personal discipline is a decision.

Decision to take action with a deadline to meet.

## 4. Set aside 30% or more for your Special Funds

*“The way of fools seems right to them, but the wise listen to advice.” – Proverbs 12:15*

Why do we need to do this?

**First**, after deciding to live within the 70% of your income, a solid plan must be done with the remaining 30% of what you are earning.

But the question is, “What comes to mind when you have extra cash in your wallet or your bank account?”

Buy a gadget?

Buy bigger appliances?

Go on vacation?

House renovation?

Dine out?

Shop until your feet ache?

Be pampered by the salon from head to toe?

And, maybe, donate some of it?

But, does investing or multiplying your cash come to mind?

*Second*, do you give a thought on paying in advance your amortization if you have extra cash so that it can be fully paid ahead of time?

Let's determine the usual amortization in our list:

Home – Was it financed by the bank or financed directly by the developer? How many years, 5, 15, 20 or 30 years? What is your plan? Pay it for the next 30 years or use a portion of the 30% and every time you have bonuses, make advanced payment so that in 5 years' time, it is fully paid.

Car – it is the same with your home. Was it financed by the bank or by other credit institutions? How many years will this be paid? If you will be paying this before the contract amortization ends, how much will you save? Ask your dealer.

Insurance premiums – how many do you have? Kid's education insurance, property insurance, among others. How much is your recurring amortization? Shorten your paying years and get the same benefits.

*Third*, if there is an emergency that needs immediate funding, do you have funds available?

When I found myself in huge debts, it's because I did not set aside extra funds for emergency needs. It never crosses my mind how this special fund would play a crucial role in times of crises and famine. My money blueprint is just limited to earning, paying dues, and spending it when there is extra cash. Saving and investing are not in my financial vocabulary. So, as a bread winner and a provider for my three siblings to college with my mother who gets sick, my only recourse is to borrow money.

Setting aside a portion of your income for special fund is a struggle for a start. But, if you are determined enough to change your life for the better, disciplining yourself

faithfully to do this would have its reward later. Then, you would fully understand the law of “*delaying gratification.*”

When I started to take control of my finances and plan out a timetable to settle my debt, starting it is very difficult and a constant struggle. For a start, I set aside 2.5% for my investment and another 2.5% for my emergency fund. Yes, it’s very small, but my goal is to start by building discipline for myself and develop a habit of doing it every single month.

## 5. Create Your Special Fund

*“The habit of managing your money is more important than the amount.” – T. Harv Eker*

Now, we need to decide on how you would be able to manage your special fund because it would be hard to discover later on that debt has been accumulated through uncontrolled spending that in times of emergencies, you don't have a penny or any amount of money to get from.

Let's do this.

### 1. 10% for your Tithe Fund

This should be your first expense and given as a gift to God's ministry, His church, and people.

Give it to where you get your spiritual nourishment and guidance. Remember that a big portion of what you earn is yours to keep and spend. Your tithe will prosper the work of God through His people and you will be blessed



too immeasurably as God says in Malachi 3:10 *“Bring all the tithes into the storehouse, that there may be food in my house, and try me now in this, says the Lord of host, if I will not open the floodgates of heaven and pour out for you such blessings that there will not be room enough to receive it.”*

As you faithfully do this, you would discover later on that God can never be outdone with His generosity, in all areas of your life.

## **2. 6% for Freedom Fund**

This is allotted for paying debts in advance. It should be added to your regular payments. As you are faithfully paying off your debts month-after-month in advance, soon you will be debt-free, earlier than you expected. This will eventually lower the interest payment from the principal amount you borrowed. It took me a year and 3months for my short-term loan with higher interest to settle, while long-term loans are on reprieve. After which, long-term loan will be settled one at a time.

Before deciding to massively invest on my financial education, I am at a loss on what I need to do; I could

not see how to end my financial struggle then—that is on how to break free from the chain of debt. I am afraid that I could not be able to fully settle it before I die. Now, in a year's time, I can see the light at the end of the tunnel.

### **3. 7% for Emergency Fund**

It is a must for everyone.

If I have an emergency fund before when my mother got sick with siblings financed for schooling, I would not have found myself struggling with my finances.

Every payday, the 7% must be set aside as your savings until your fund reaches to at least a total of your one year salary or income.

This should not be withdrawn unless you need it for emergency. This is your money that should be kept in a bank as your short-term savings.

### **4. Another 7% for Wealth Fund**

Pay yourself too.

This is your investment or retirement fund. Go back again to our computation on how your investment multiplies in a given period of time.

Be very aware that your job is not there for a lifetime. Nowadays, there is no such thing as security in tenure of being an employee. Today, you are enjoying your corporate job. Tomorrow, it might be gone. Redundancy happens and outsourcing is the new trend in business. Unless of course if you have a business of your own, business have challenges too in order for your to survive in the market.

Enjoy life when you retire and have the freedom to retire early if you want. Invest.

*Once your debt is fully paid and your emergency fund reaches your target goal, add the total of 13% to your Wealth fund. This becomes 20% and retire as a multi-millionaire. Make this as one of your important goal.*

Don't delay.

Do it now.

Start one step at a time.

Make things happen.

## **IV. Conclusion**

### **Committing yourself to do it**

*“At whatever stage you’re in, DO it NOW.”  
–Dean Pax Lapid*

Now, in order for this to happen, you need to commit yourself to put all these into concrete action.

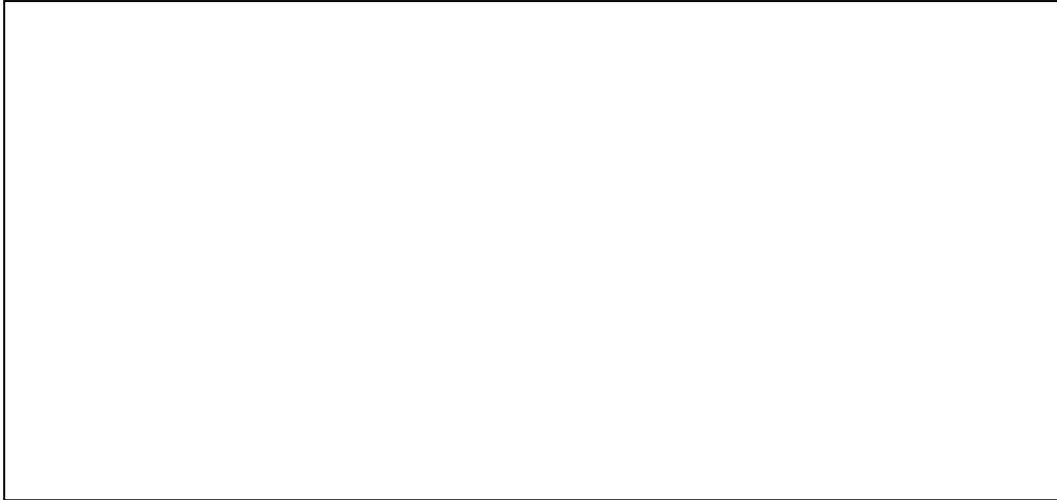
Ask yourself first, what are the most important things that matter to you?

List it down, at least 10 ex: Family, health, God, financial abundance, relationship, time, material possession, civic duty, career, travel, or putting up a business.

Rank it according to priority, 1 as the highest and 10 the lowest.

Now, make your written commitment:

Ex: Starting today, I commit myself to take control  
of my finances by doing the following:

A large, empty rectangular box with a thin black border, intended for the user to write their written commitment to taking control of their finances.

Read this every day to remind yourself the things that  
you need to do to take control of your cash/finances,  
grow it, and multiply to create your millions.



Your  
Comfort  
Zone

You're outside world,  
where the magic happens.

Do it now. One step at a time.

Every day, make things happen.

## About the Author:

**Ermz Teodocio** – *Financial Literacy Advocate. | Environment Advocate. | Volunteer. | Nation Builder. | Love to travel and explore places. | Field of study – accounting. | Logistician. | Aspiring Social Entrepreneur.*

You can connect with Ermz at:





You can pick up the wisdom of my Mentors here:

Bo Sanchez - <https://www.facebook.com/BrotherBoSanchez>

Dean Pax Lapid - <https://www.facebook.com/NegosyoMentor>

Jomar Hilario - <https://www.facebook.com/jomarhilario>

Benj Santiago - <https://www.facebook.com/benj.santiago>

Resources:

[TrulyRichClub.com](http://TrulyRichClub.com)

[DestinationFeed](http://DestinationFeed)

Resources on Insurance as defined: (\*)

<https://www.fidelity.com/life-insurance-planning/what-is-life-insurance> (1)

<http://en.wikipedia.org/wiki/insurance> (2,3,5)

[http://www.insuranceinfo.com.my/choose\\_your\\_cover/se\\_cure\\_your\\_future/child\\_education\\_plan.php](http://www.insuranceinfo.com.my/choose_your_cover/se_cure_your_future/child_education_plan.php) (4)