

Wealth Management

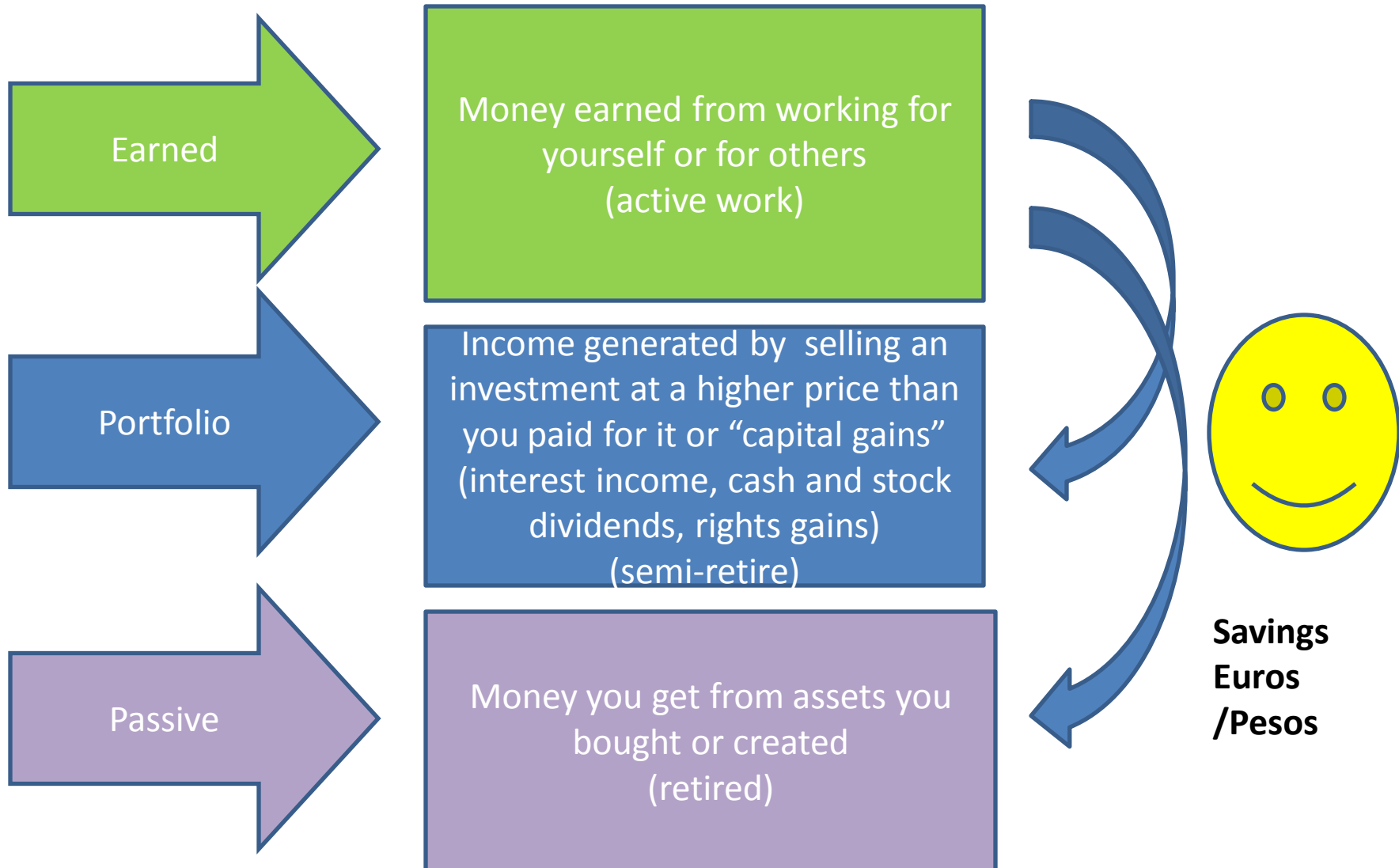
*Pag may itinanim, may aanihin**

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•One of famous tagalog proverbs or sayings which literally means when you plant, you harvest or it can also mean when you invest, you gain .

Three Types of Income



Earned Income

Examples	Knowledge and Skills	Implications/caveats
Working a job	Educational qualifications , appropriate experience, permit rqmts (high paying jobs)	-don't need start up capital -highest tax of three types of income
Owning a small business	NL – Required diploma and permits Phil - Business permit	-Highly demanding of one's time specially during the start of the business
Consulting	Special qualifications	-non-regular income
Gambling	Formal and non-formal education and qualifications	-highly stressfull -non-regular income
Any activity that pays based on time and effort spent	Formal and non-formal education and qualifications	

“I don't look to jump over 7-foot bars:

I look around for 1-foot bars that I can step over.” Warren Buffet

Portfolio

Examples	Knowledge and Skills	Implications/caveats
Trading – buying and selling – stocks (most common), bonds, mutual funds, ETFs, CDs, T-bills, currencies or other types of futures/derivatives.	- Educational qualifications and experience (financial)	-taxes -self-control -knowledge of companies/value investment (long term investing)
Buying and selling real estate (profit from sale)	-Educational qualifications and experience (location)	-taxes -sensitivity to market conditions (location)
Buying and selling of any assets (antiques, stamps, cars)	Educational qualifications and experience (historical)	-taxes -market demand

“Rule No.1: Never lose money. Rule No.2: Never forget rule No.1.” Warren Buffett

Passive Income

Examples	Knowledge and Skills	Implications/caveats
Rental Income from Real Estate	- educational qualifications and experience	-Location of property
Business Income (as owner)	-educational qualifications and experience	- Need for strategic planning for long term life
Creating and selling intellectual property (books, patents [soap formula], computer softwares	-educational qualifications and experience	- timeliness
Affiliate or multi-level marketing	-educational qualifications and experience	-market demand of product

“Someone's sitting in the shade today because someone planted a tree a long time ago.” Warren Buffett

Additional quotes

- On earned income

Kapag ang tao'y matipid, maraming maililipit.

Canonigo

It is not how much you earn that matters; it is the amount of savings you invest that will make you rich!

From various sources

- On portfolio income

Ano man ang gagawin, makapitong iisipin.

Canonigo

Look at market fluctuations as your friend rather than your enemy; profit from folly rather than participate in it.

Warren Buffett

Have the courage of your knowledge and experience. If you have formed a conclusion from the facts and if you know your judgment is sound, act on it - even though others may hesitate or differ. You are neither right nor wrong because the crowd disagrees with you. You are right because your data and reasoning are right.

Benjamin Graham

- On passive income

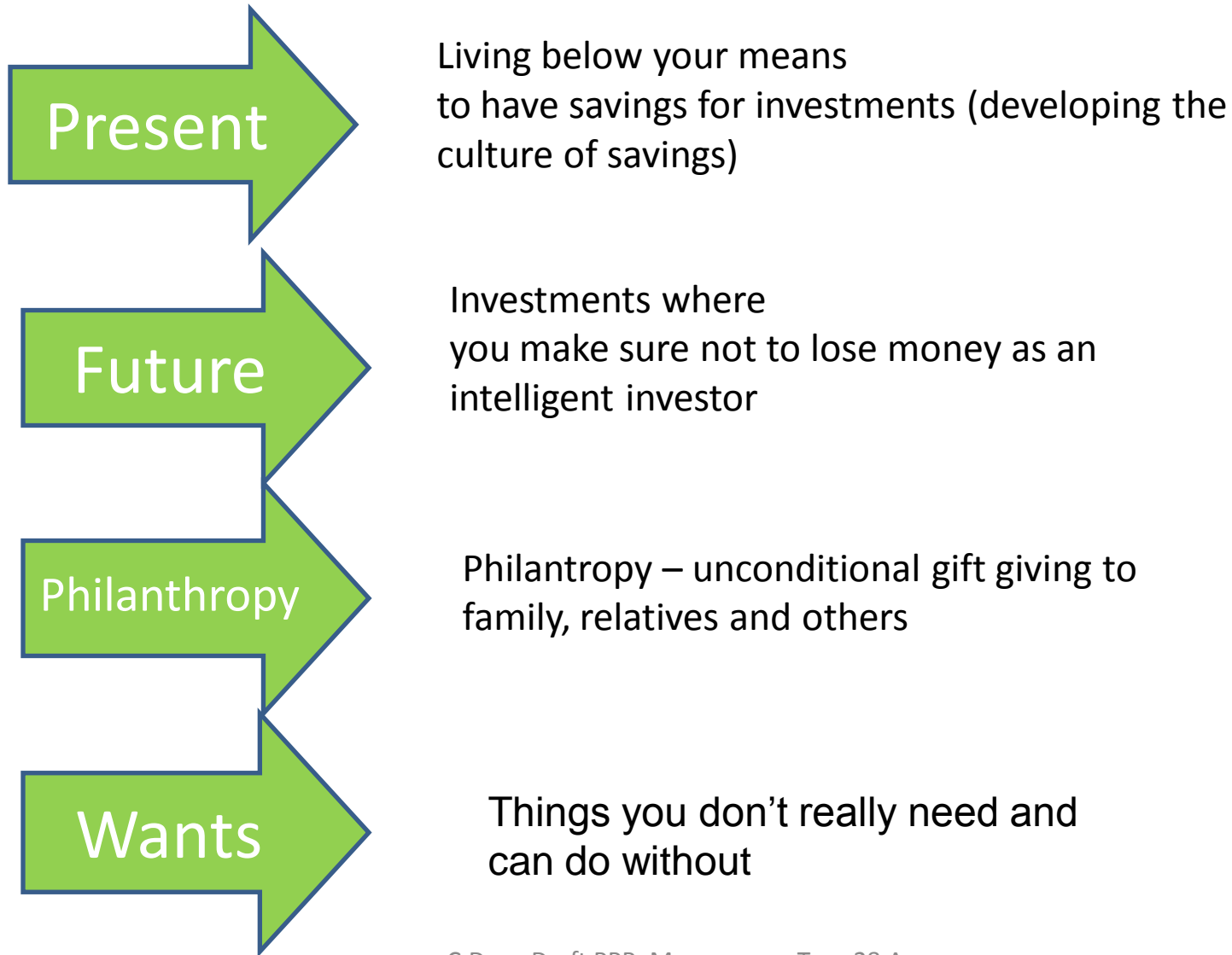
Kapag walang tiyaga, walang nilaga.

Mel del Rosario

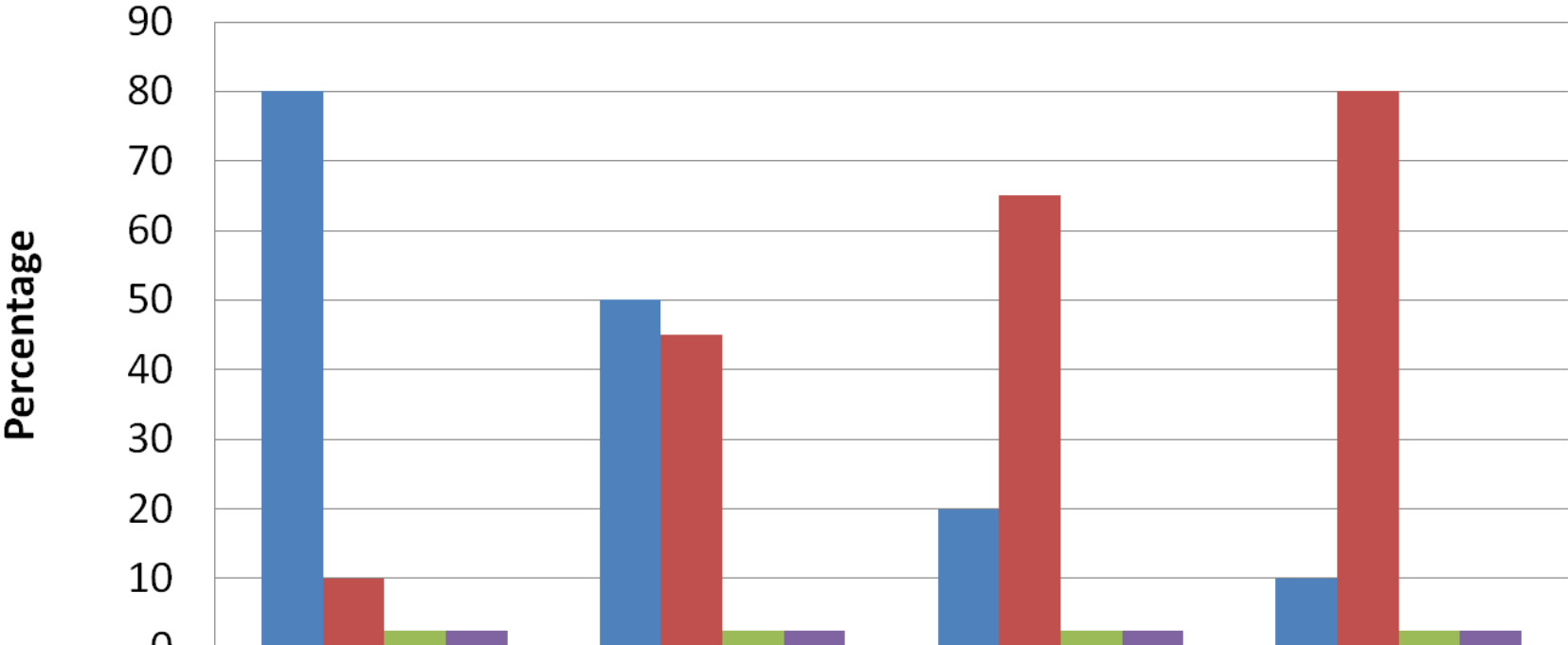
Passive income is the holy grail of income and key to long term wealth!

Three Types

Four Uses of Income



Uses of Income



	Yuppy	Mid level	Senior	Retired
Earnings	80	50	20	10
S & Inv	10	45	65	80
Gifts	2,5	2,5	2,5	2,5
Wants	2,5	2,5	2,5	2,5

Microfinance Services

Definition: These are non-traditional financial services which are offered by NGOs in developing countries and recently adopted by banks and other financial institutions. In the Philippines, the maximum individual loan amount provided for microfinance loans is P150,000 (consistent with the provisions of RA 8425 [Social Reform Agenda]).

Types of services:

Microsavings, Microcredit, Microinvestment, Microinsurance, Microentrepreneur, Microtransfers, Microphilantropy, Microinvestments

Offered/facilitated by:

Microfinance organizations and rural banks in The Philippines

Offered/facilitated by NGOs in the Netherlands

Sources: Ercmove Foundation (www.ercmove.nl) and Department of Finance (DOF) Regulatory Framework for Microfinance in the Philippines, available at:

<http://www.dof.gov.ph/pdf/Annex1.pdf> accessed 20 August 2010.

Info about Microfinance

- **Philippines**

- Rural Bankers Association of the Philippines

Website to locate a rural bank nearest your hometown:

<http://www.rbap.org/members/locate-rural-bank/>

- Social Enterprise Development Partnerships Incorporated

Website to contact them for assistance on microfinance in the Philippines and other palces: <http://sedpi.com>

- **The Netherlands**

- HRH Princess Máxima of The Netherlands, United Nations Secretary General's Special Advocate for Inclusive Finance for Development

- CORDAID Microfinance Advocacy

Website to know about microfinance in the Philippines, The Netherlands and all over the world:

http://www.cordaid.nl/Overige/Extra_info/Cordaid_Microfinance_Lobby_Agenda.aspx?mId=5738&rId=427

Taxes on income, profit and wealth in NL

- **Box 3**

Income from savings and investments falls in this box. The rate is 30% and is levied on a deemed fixed yield of 4% of the total net worth. Net worth is the value of the assets, which may be savings deposits, rented property, shares etc., after the deduction of debt, based on the average balance for the year. The reference dates are 1 January and 31 December. Tax is levied on the value in excess of € 20,014.

Source:

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