



THE
BROKE
SCHOLAR'S
GUIDE TO
INVESTING
BASICS

Carlo Angelo Ronquillo
with Vicky Lleno (Consultant)

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ABOUT THE AUTHOR

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This book is a Capstone Project in fulfillment of the requirements of the Multimedia Arts Program.

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MESSAGES

“I would like to thank the people who were with me during MTHEOME days in making the topic for this book that I made for MMCAPI today. Even though I’m on my own, I still can manage to make this book with the help of my Aunt.”

Carlo Ronquillo, Author
Multimedia Arts Students, De La Salle College of St. Benilde

“This book will serve as a guide to your financial freedom . Giving you bits and pieces on how to start on your adulthood on your financial journey . This book will give you insights on how important saving is . With this book hope you will all be enlighten to importance of financial freedom this is our hope to each and every Filipino to achieve financial freedom and literacy.”

Vicky Lleno, Consultant/Editor
Mutual Funds Investment Planner, Sun Life Financial

INTRODUCTION

Welcome to “The Broke Scholar’s Guide to Investing Basics”!

In this book, you will become investing pros through learning the basics of investing, going through financial foundations, fundamental concepts in finance, and ensuring financial security.

In the first section, we will be learning about the foundations of finance.

We will talk about financial freedom and the so-called “financial freedom objective” that we as college students need to think about, starting now.

We will also talk about how to navigate big picture opportunities, prepare personal finance statements, and think about taxes and our future career plans.

In the second section, we will learn about some of the fundamental concepts in finance.

We will talk about the time value of money (TVM), how to create a “winning” investment portfolio and how to save and invest money in a wise and responsible way.

We will also how to invest well in mutual funds, and how to purchase and manage your property, focusing on how these are relevant to us college students.

Finally, in the third section, we will talk about financial security.

We will talk about credit cards and loans, life insurance, retirement funds, and avoiding scams.



**PART I:
FINANCIAL
FOUNDATIONS**

Financial freedom 1

THE BROKE SCHOLAR'S FINANCIAL FREEDOM OBJECTIVE

Financial freedom is important, especially among college students. Young people like me may think that having financial freedom is not something we should be thinking about, but we are wrong. Even though we are young, it is important for us to start thinking about financial freedom. We may not have lots of money right now, but we need to start thinking about the future. We also need to begin practicing financial responsibility.

Who are the “broke scholars”? The broke scholars are college students, like you and me, who may have different financial situations. Some of us may have a bit of money, some of us may be studying under a scholarship, while some of us may be struggling with our finances. The broke scholars are those who don't have much financial skills and knowledge but who want to improve—and through this book, become investing pros! Nevertheless, as broke scholars, we can achieve financial freedom.

FINANCIAL FREEDOM:

Having enough money to live the life you want without constantly worrying about expenses.

As a college students, we don't have full financial freedom yet due to lack of source of income and we only rely on allowances and part-time-job money. Financial freedom can only occur when we are now working in the real world, which is after college. Our objective right now is to learn how we should manage our money. Don't worry, as at the end of the book, you will learn what it means to have financial freedom and learn how to invest.

THE BROKE SCHOLAR'S FINANCIAL FREEDOM OBJECTIVE

Financial freedom is about setting clear financial goals. We young adults have goals about what we want to do with our money. Usually, these goals are about what we want to buy. However, it is also important to save money, to invest money, to manage money, to be responsible with money.

According to Ms. Vicky Lleno:

“Financial freedom is important. In fact, author and businessman T. Harv Eker said, ‘My definition of financial freedom is simple. : it is the ability to live the lifestyle you desire without having to work or rely on anyone else for money. Regarding financial responsibility, Benjamin Franklin also said, ‘Beware of little expenses ; small leaks will sink a great ship.’”

FINANCIAL FREEDOM OBJECTIVE:
A goal for your financial freedom.

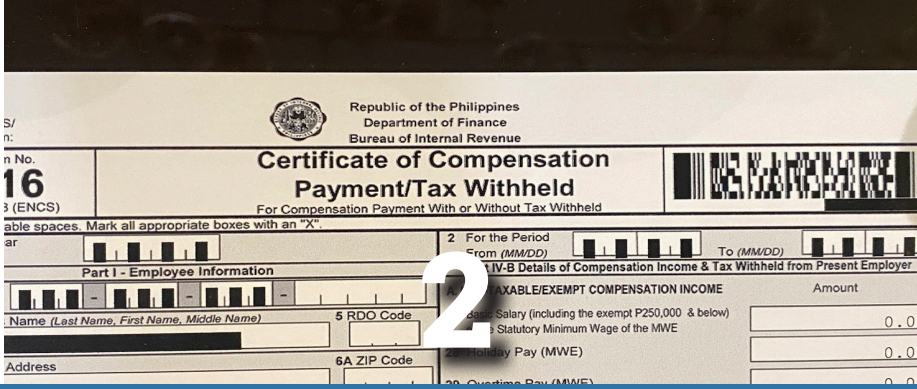
We need to have specific goals for our financial freedom., as well as to create a budget to achieve these goals and to be able to manage our money well.



BROKE SCHOLAR TIPS:
Track your spending
Prioritize needs over wants
Explore additional income sources
Write down your financial freedom objective

I was one of those college students who were facing financial struggles as managing funds was hard due to how short the amount of money I was given. In this book, we will debunk some misconceptions about financial freedom.

I had, and probably still have, a problem with financial freedom, the same as you. When I began writing this book, I didn't really know how to invest. As I continued in this process of writing this book, I learned a lot, and by reading this book, I know you will too. This book aims to help “broke scholars” like me and you to be investing pros.



NAVIGATING BIG PICTURE OPPORTUNITIES

In investing, we need to widen our perspectives. If we don't, we would not even know what investing is and why we need to do so.

The misconception of instant wealth is common to everyone who doesn't know what responsible finance is. Everyone would think that you can just get money in just one thing with something that you just did. But that is not true at all. We need to be responsible about and mindful of the financial opportunities that we encounter.

FINANCIAL OPPORTUNITIES:
Chances for financial growth or success

Investments change often as time flies by. There may be good parts of what affects the changes and there are some bad ones that affect the changes as well. We need to be mindful of the "big picture".

THE "BIG PICTURE":
A broad, overall view or perspective on a situation

We can learn to invest in future opportunities with the help of understanding the realities of financial growth. Financial growth is where we invest in something with the subject getting more value when maintained over time. We need to identify and leverage opportunities through proper research and analysis.

According to John Carreon:

“Investing, which means using your money to buy things that you think will grow in value over time, is one way to take advantage of big picture opportunities. In investing, the goal is to have money invested grow over time, so you can use it for things like buying a house, retiring comfortably, or achieving other financial goals.

Investing is a very complex process. It is more than just the act of putting money into something with the expectation of getting more money back in the future. It involves a lot of hard work, research, due diligence, taking bold steps and calculated risks, with the hope of generating returns that can help achieve financial goals and maximize opportunities.”

As we invest, we also need to be mindful of our risks. Sometimes, when we want to get more money, we need to take some risks. There are risk takers in this world when it comes to making money. When we do take risks in our investments, we need to be responsible about it.

I had an experience like this. Once, I invested P1000 when I was mining for Bitcoin (a type of cryptocurrency) 8 years ago. It was P700 pesos for 2 weeks of keeping the computer working all day and night solving math equations on its own. But months went by of not withdrawing the Bitcoin due to withdrawal issues that time. I ended up getting P1500 as the price of Bitcoin boomed!

That time, I suddenly learned to be comfortable with taking risks. The price of Bitcoin suddenly increased until 2019. However, it's sad that it crashed during the pandemic and didn't change right after AI became the big tech trend in 2022 to 2023.

Taking risks is good, but we have to be responsible about it.

We need to develop a savings plan, allocate funds for investing, and balance short-term needs with long-term goals.

According to John Carreon:

“In the past, I received offers to join networking companies promising ‘instant wealth’ schemes. While these offers were enticing, I chose not to pursue them after conducting thorough research and careful

consideration.

At the time, these offers seemed like great opportunities. However, the uncertainty surrounding how these investments would yield results led me to decide against participating. I realized I needed to see the big picture first.

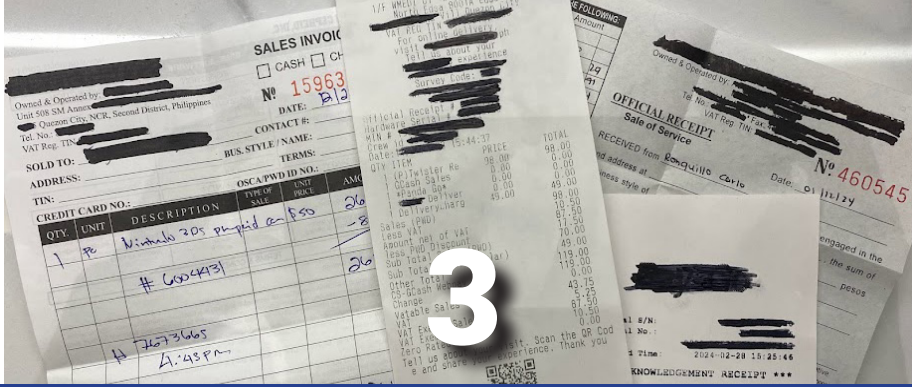
Through my experience helping manage my family's business, I gained a comprehensive understanding of the details and aspects involved in the entire process—from securing the franchise rights and selecting an optimal and favorable location, to my parents overseeing construction, staffing, and ultimately launching the business.

Big picture opportunities extend beyond the conventional. College students like us need to identify these opportunities. Throughout our lives, we have many chances to practice responsibility in our finances. We need to look beyond what we usually know and expand what we can do. Together, let us explore, question, and actively participate in diverse opportunities for our long-term growth.

BROKE SCHOLAR TIPS:

Stay informed about trends in the industry
that you want to invest in
Take informed and balanced risks
Only invest what you can afford to lose
Write down some of the big picture
opportunities available to you right now





ACADEMICS & ASSETS: PREPARING PERSONAL FINANCE STATEMENTS

Personal finance statements are a good way to know your financial position. Right now, we may still be college students, relying on allowances and part time job payments. However, even now, we can create effective personal finance statements.

PERSONAL FINANCE STATEMENT:

A document detailing an individual's financial position, including assets and liabilities

The necessary tools and information needed such as documenting sources of income from allowances, and part-time job earnings. This is done by tracking expenses by creating categories and subcategories for accurate recording, and valuing assets and liabilities by understanding their impact on the overall financial picture.

A personal finance statement has various components. A personal finance statement includes many parts. These parts include assets and liabilities.

Assets are things that you own with the money you spent or invested on. In other words, assets are resources that you own or control.

These may come with the expectation that they will provide future benefit. For those with jobs, income comes from various sources of funds. For college students, assets can include your savings account, investments, your house and lots, cars, etc.

Liabilities are something that is used to show what you are responsible for when you do something. Some examples of liabilities are debt, taxes, loans, and casualty fees. For college students, liabilities can include these things as well. Expenses are where different types of expenditures can be identified and categorized.

According to Ms. Justine Faith Poblete:

“Finance statements can be an effective tool to monitor one’s financial position.

There was a period in my life when I actively recorded my earnings as well as every expense I make. Whether it was a utility bill, gas, food, or something as simple as a bottled water I bought from a convenience store, I note it all through a mobile app that also records my earnings and automatically computes my finance statement.

I would say this is a very tedious task and definitely requires consistency and persistence. I especially found it difficult when I was running multiple errands while simultaneously recording my spending which is why I eventually stopped. I have now resorted to sticking to a budget that I allot for each of my necessities such as weekly groceries, monthly utility bills, transportation allowance, etc.”

To compute for assets and liabilities, use the following formulas:

$$\begin{aligned}\text{Assets} &= \text{Liabilities} + \text{Equity} \\ \text{Liabilities} &= \text{Assets} - \text{Equity}\end{aligned}$$

When you create your personal finance statement, you need to list all your sources of assets and liabilities and balance them. You also need to categorize your expenses. Finally, you need to calculate your net worth, which is the total cost of what you have acquired in money terms.

As we craft personal finance statements, we set a timeframe (monthly, quarterly or annually), record income and categorize expenses, calculate net worth by assets without liabilities, assess financial health to find areas for improvement.

To calculate your net worth, you simply subtract your liabilities from your assets.

NET WORTH:
Assets minus liabilities.

I have personal experience with the difficulty of managing my money. In fact, once, I got into trouble because of it, because I was not mindful of my assets and liabilities.

Once, I spent too much of my savings to buy equipment for creating gaming video content. Because of what I did, I became too broke to buy other things I needed more at the time. I tried everything to save my money, but I was not responsible with my purchases.

I had and still have problems which might be the same as what you have. I did not know how to properly invest my money. I lost so much money before due to demands and needs during the pandemic. In writing this book, I came to realize what financial freedom is, and I hope to share what I learned to young adults like me.

BROKE SCHOLAR TIPS:

Update your personal finance statement
regularly

Prioritize essential expenses

Explore ways to increase income

Practice computing for your assets and liabilities

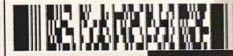
or BIR BCS/
se Only Item:



Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No.
2316
January 2018 (ENCS)

**Certificate of Compensation
Payment/Tax Withheld**
For Compensation Payment With or Without Tax Withheld



in all applicable spaces. Mark all appropriate boxes with an "X".

For the Year
(YYYY)

Part I - Employee Information

TIN

Employee's Name (Last Name, First Name, Middle Name)

RDO Code

For the Period
From (MM/DD) To (MM/DD)

Part IV-B Details of Compensation Income & Tax Withheld from Present Employer

TAXABLE/EXEMPT COMPENSATION INCOME

Amount

Salary (including the exempt P250,000 & below
or the Statutory Minimum Wage of the MWE)

0.00

CAREER CROSSROADS AND TAXES

One of the commonly overlooked but crucial aspects of our lives as college students is our consideration of our future careers. It is important for us to begin to critically reflect on our future careers' earning potential, and along the way, consider the tax implications that we will encounter.

CAREER:

An individual's work, which would be their source of income.

In our entire lives, beginning now as college students, we need to reflect on career choices and the financial impact of these choices. We might want to become doctors, lawyers, graphic designers, etcetera, and what we aim to become will guide our financial decisions, even now.

According to Ms. Norbita Biag:

"Your 'career crossroads' moment is when you need to make a crucial decision about what you want from your career. This is a common dilemma, especially for those who are seeking job opportunities after getting their undergrad courses."

As we think about our careers, we need to research and understand the tax landscape of our potential career paths. Sometimes, we might need to seek professional advice for personalized financial planning, as well as for us to know which opportunities we have for tax-efficient financial decision making.

TAXES:

Compulsory contributions to the government, taken from workers' income and business profits, Sometimes, it is also added to the cost of certain goods, services, and transactions.

According to Ms. Norbita Biag:

“Taxes are mandatory contributions collected by governments to employees, employers, corporations, etc. ... Your career crossroads and your taxes are a broad topic. Computation of taxes alone to a chosen field is quite challenging if you don't have a background in taxation.


“Nevertheless, based on experience, I would say that in every chosen field of career there is, only a handful of individuals are aware of the implications of taxes. It is important to keep these in mind. For instance, shifting from being an employed teacher to being a self-employed individual by putting up a tutorial business without the knowledge or awareness of implication on her taxes can cause a person to pay penalties due to non compliance on submitting required taxes on due dates.”

We need to consider the tax implications associated with our specific careers, especially since these career decisions can influence long-term financial stability.



BROKE SCHOLAR TIPS:
Research tax deductions
Keep organized financial records
Consult a tax professional

As we begin to think about our future career choices as college students, let us encourage each other to begin thoughtful reflection on our future lives. We need to consider both earning potential and tax implications when we choose our careers.



**HIS
MONEY**

**PART II
FINANCE 101**

**HER
MONEY**



THE TIME VALUE OF MONEY

Full financial freedom may be something we don't yet have as college students. Related to this, there are many misconceptions about financial freedom that we might think are true.

There are many big misconceptions about money, and one of the most common is that it retains its value over time. This is not exactly true. One of the most important concepts in financial responsibility is the time value of money (TVM). This concept has many important impacts on saving and investing.

TIMEVALUE OF MONEY (TVM):

The idea that money today is worth more than the same amount in the future; computed as future value divided by the rate of interest plus one.

TVM is relevant to situations wherein college students like us might want to deposit our money in a bank to get interests up or buy something that can be worth our money in the long run. TVM and its impact on saving and investing shape saving strategies. This can be done by analyzing the impact of time on the value of savings and exploring investment decisions through a TVM lens.

To compute for the time value of money (TVM), use the following formula:

$$PV = FV / (1 + r)$$

PV = present time value
FV = future value
r = rate of interest

COMPOUNDING:

The process through which an asset earns from interest and then these earnings are reinvested to generate additional earnings over time.

When we apply TVM, we consider interest rates and time periods. We also need to consider compounding. Through compounding, we earn even more money. Compounding has a significant impact on the returns of our investments. In fact, compounding works in both initial investments and returns.

According to Ms. Jenny Raz:

“Para sa akin, mahalaga na alam mo ang value ng pera, dahil ito ang pinakamahalaga sa lahat, sapagkat ang halaga ng kinikita mo ngayon ay dadalhin mo sa hinaharap.”

Base sa mga nakikita ko ngayon, mayroon namang mga college students na nakakapag-ipon na. Sa katunayan, habang bata pa sila, may nagtatrabaho na kahit paunti-unti man. Mas maganda talaga na nakakapag-ipon. Kung sakali na gusto mo magtayo ng negosyo, masisimulan mo ito sa maliit man o malaki na halaga na naipon mo mula nung nag uumpisa ka palang mag trabaho. Mahalaga na magkaroon ka ng sariling ipon mo para in the future magiging maayos ang takbo ng iyong buhay.”

BROKE SCHOLAR TIPS:

Start saving early.

Take advantage of compounding.

Consider impact of inflation on purchasing power.





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CREATING A WINNING INVESTMENT PORTFOLIO

The reason why investing is essential is because we need to find ways in making money with a little bit of effort. We will be making a simple investment plan and understand important ideas about it in the long run. One way to ensure that we are investing in a good way is to create an investment portfolio which is a compilation of our assets.

INVESTMENT PORTFOLIO:

A collection of assets, including stocks, bonds, and other financial assets and liabilities, held by an individual or institution

When we prepare an investment portfolio, we need to know the different things we invest in. We might invest in some things like a house or a car. We need to make sure that we invest more in our needs and less in our wants. We also need to invest in investments that earn us good money, in investments that keep their value well as time flies by. We also need to invest in a variety of investments.

According to Attila Cruz Reyes:

“Why is maintaining your investment portfolio important?”

The reason why it's important is because we want to show people when it comes to purchasing something that we want to buy their products as well. We need to keep track of our investments and to make sure that our assets and liabilities are maintained well.

Why is it good to have different types of investment? The reason is that we can get a little bit of money in return if we put even a bit of care into our investments. If we maintain our varied investments, we have less risk.

There are many types of investments that you can invest in and include in your investment portfolio.

Stocks represent partial ownership in a corporation, signifying your stake in its assets and profits.

Bonds are financial instruments issued by corporations or governments to raise capital.

Treasury notes are government-issued securities that pay periodic interest to investors, typically regarded as low-risk investments.

There are many more types of investments, such as mutual funds (which are discussed in more detail in Article 8), that you can invest in. Nevertheless, if it comes to making your money plan fit your goals, you have to make it work with what you want to achieve.

Short-term investments are held for a short period of time such as a year or a few months, while long-term investments are usually for multiple years.

You shouldn't have to make it big as small steps are only needed if it comes to starting to invest so that it could match with what you want in the future. It's okay to change your plan based on what you want to happen with your money as there may be situations where things may change, like inflation and other bad things. Your investment portfolio is a good way to keep track of what you're investing in, as well as the risks involved.

BROKE SCHOLAR TIPS:

Diversify your portfolio. Instead of investing all of your resources in one project, it should be different types of projects.

Only risk what you can tolerate.

Do not risk what you cannot afford to lose.



SAVING SMARTS: INTELLIGENT SAVING AND INVESTING

Saving money is probably the most important concept in financial freedom.

Why is saving an important skill for college students to learn? It is because practicing how to save can help college students prepare for adulthood and enable them to have money and other resources when the time is right.

SAVING:
Setting aside money for future use.

How can college students save money? College students can save money by managing their budget from their daily allowances and selling stuff they don't need anymore. Saving money is an important part of financial responsibility.

According to Ms. Abegail Lianza:

“Saving is setting aside money for future use, typically in low-risk, easily accessible accounts. The Importance of saving money provides a financial cushion for emergencies, future purchases, and short-term goals. This establishes a foundation for financial stability.”

One way to save money, and in fact to earn more money as we save it, is by investing.

INVESTING:

Putting one's money into certain assets, usually expecting that the investment would generate income or profit.

Why is it important for college students to learn about investing their money? The reason behind this is that they would be using the methods they learn in the long run. Saving involves wise and responsible use of money, and investment is one way to ensure that you're allocating money well.

According to Ms. Abegail Lianza:

"Investing is allocating money with the expectation of earning returns, usually in financial assets like stocks, bonds, or real estate. The importance of this offers the potential for long-term wealth growth, beating inflation, and achieving financial goals like retirement. Involves higher risk but can lead to higher returns compared to traditional savings."

Saving and investing are two things which are also important to consider when we have our own business or other forms of income. According to Ms. Abegail Lianza:

"In my experience managing small business ventures like scented candles and supporting my brother's perfume business, I've found strategic saving and investing to be crucial."

We made it a priority to set aside earnings and establish emergency funds while exploring various investment options for growth. Seeking advice from financial experts, we made informed decisions that fueled our businesses' expansion."

Through disciplined saving and strategic marketing, we achieved stability and success. Personally, I budgeted expenses, saved a portion of my income, and sought guidance to build the necessary funds for my business."

Investing and saving are skills we can begin practicing, even right now as college students.

According to Ms. Abegail Lianza:

“Both saving and investing play vital roles in personal finance, contributing to financial security, growth, and long-term objectives.

As college students, it’s vital to prioritize saving and investing early. Set clear financial goals, create a budget, and establish an emergency fund. Consider low-cost investments. Avoid high-interest debt and seek guidance from financial advisors. By taking these steps, you can build a strong financial foundation for the future.”

Why is it important to be responsible with your money? At the end of the day, you will decide where your money goes.

You can earn interest from your investments, which is how you gain more money from your investments.

INTEREST:

In investing, interest refers to the rate paid on a deposit to an investor.

To compute for simple interest, use the following formula:

$$(P \times R \times T) / 100$$

P = principal, or what the investor pays into an asset before interest

R = rate of interest (% per year)

T = time (in years)

Knowing how interest works can help you maximize your earnings from your investments.

BROKE SCHOLAR TIPS:

Set specific savings goals

Automate savings contributions

Research and diversify investments

Explore investments available to you



MUTUAL FUNDS MADE SIMPLE

Investing in mutual funds involves researching, selecting suitable funds, and monitoring performance

Why are mutual funds a good investment? The reason why mutual funds are a good investment is because it can let you buy stocks or other investments. With other investments, it's just you.

MUTUAL FUNDS:

Investments that pool money from multiple investors to buy a diversified portfolio of stocks, bonds, or other securities

Mutual funds are like baskets where many investors take their money and put it together to collectively buy a variety of stocks, bonds, or other securities. These collected funds are then managed by finance professionals, and these professionals are the ones who make the investment decisions on behalf of the mutual fund investors.

By investing in mutual funds, in a way, you can “spread the risk” that you are taking across multiple investments. This way, it is possible for you and the other contributors to the mutual fund to earn returns which will be based on the performance of the mutual fund portfolio.

According to Mrs. Vicky Lleno:

“Well, personal opinion: You invest in a mutual fund with your extra money. This is where you put in your money waiting for the fruit on a long term basis.”

It's a roller coaster ride but it will indeed give you a better yield rather than letting your money sit in your ordinary savings account."

As college students, we can start investing already. One way we can do this is by investing in a mutual fund with our extra money which we might have gotten from our parents or from our presents during our birthdays or during Christmas and other holidays.

The money that we invest will not have an immediate benefit, but instead will have long term benefits. In fact, mutual funds can be a better option compared to ordinary savings accounts.



BROKE SCHOLAR TIPS:
Understand fund objectives and risks
Diversify across fund types
Review fees and expenses



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PROPERTY PURCHASE AND MANAGEMENT FOR STUDENTS

To begin this article, we need to first know what property is. So, property refers to the things that someone owns. This can include tangible items, or things you can touch, like houses or cars, or intangible things, like stocks and bonds, which are investments that show ownership of a company or money that will be paid back with interest later.

As college students, we might not have lots of money or lots of properties right now. However, we do have things that we own, such as our personal electronics, or our personal collections (whether it's figurines or other tangible objects). We might also have intangible objects such as money that we do own in the bank but we don't touch or maybe it could be inheritance.

PROPERTY:

The legal possessions of an individual or institution, including tangible and intangible items such as houses, real estate, investments, etcetera.

Managing our properties is important because we don't want to be charged with tax evasion or something even worse. We may be happy that we bought this specific property off from someone and take care of it like we cherish it but as time goes by, we would stop taking care of it.

PROPERTY MANAGEMENT:

Overseeing a property's operation, maintenance, and value.

Property management is a form of management where you manage the payment of each property you own or someone else's that is asking for your help. The term management can also mean maintaining what we have, making sure that it is good and that it complies with requirements.

In the past few years, I have been in many situations where I was in deep trouble in managing my properties. I spend it often to fund my content in making gaming videos as I am too broke to buy myself the latest driving simulator equipment. In fact, the estimated value for the recommended and up-to-date racing simulator equipment I wanted was around P25,000

At the time, I didn't really have enough money to spare for that purchase. I tried everything to save money, but I got to the point that I let my savings fail and my bank account reached its maintaining balance.

According to Ms. Vicky Lleno:

“Property purchase is a good investment provided that it will be generating income; if not, it will just be a dead investment . But this will be a good means of passive income.”

Property purchase is a good investment provided that it will be generating income, if not it will just be a dead investment . But this will be a good means of passive income.

We can manage our property by researching, financing, and responsible management. In order to do this well, we also need to understand the current property market by researching the trends of it, along with the factors of the costs of maintenance for our properties.



BROKE SCHOLAR TIPS:
Understand property market trends
Factor in maintenance costs
Write the list of properties you currently have



PART III
FINANCIAL
SECURITY



CREDIT CARDS AND LOANS

Financial security is good because we need to protect our finances from bad things, including bad people who might want to steal from us through scams, fraud, or thievery, as well as bad situations such as unexpected charges, disasters, injuries, deaths, among others. These things might not be what we usually think about as college students, but these things are important.

CREDIT CARD:

A card allowing the holder to make purchases on credit, based on the trust that payment will be made in the future.

A credit card might be an option for some people as they try to achieve financial security. One problem with financial security is not having enough money in emergencies, or just having problems with convenience and availability of money. A credit card might be helpful with those problems.

You have to be careful and keep your credit score in mind. You have to maintain a good credit score in order to use your credit card. The Credit Information Corporation (CIC) is the government entity that is in charge of credit scoring in the Philippines, and they check if you regularly pay off your credit, if you open too many new accounts at once, etcetera.

CONSUMER LOAN:

Any type of loan made to a consumer by a creditor, which is used for personal, family, or household purposes.

Consumer loans can also be an option if it comes to basic purposes such as car loans, student loans, and home mortgage loans. This is the most common type of loan. For example, we can apply for consumer loans to buy things or pay off our debts.

The possible problems that can occur can be background checks, your credit score, or how you request a loan. There are different ways to get credit cards and consumer loans, and we have to be careful because some of these ways are legal and some are NOT.

According to Chielsea Ulanday:

“It’s important to understand that credit cards aren’t free or extra money. You should think of your credit as equivalent to the money in your wallet—spending responsibly is key. While it’s tempting to swipe for every thing that you want, remember that overspending can lead to financial stress down the road. However, don’t overlook the perks your credit card offers, such as zero-rate installments for big-ticket items or earning points for discounts. Just ensure that what you buy aligns with your budget and you can comfortably manage repayments. Remember, to avoid accumulating interest on your credit card, aim to pay off the total amount due each month—not just the minimum.”

When it comes to loans, it’s important to tread carefully. While they can be helpful for significant investments like a car or a home, taking out small loans from loan sharks for minor expenses can quickly spiral into debt. Always evaluate the terms and conditions thoroughly, paying special attention to interest rates. Don’t hesitate to shop around different banks to find the best deal.”

In order to use credit cards and consumer loans responsibly, it is important that you understand the terms and conditions, manage your balances and credit, and make payments on time.



BROKE SCHOLAR TIPS:
Pay attention to interest rates
Avoid unnecessary debt
Monitor your credit score



SECURING THE FUTURE WITH LIFE INSURANCE

Life insurance is a type of insurance where an individual gets provided a lump sum payment to the person who gets the money once the holder's death occurs.

LIFE INSURANCE:

A contract between a person and an insurance company giving a lump-sum payment to beneficiaries when the policyholder dies.

When we obtain a life insurance policy, it involves a few steps.

These steps include assessing needs, selecting a policy, and making premium payments.

Making sure that you have a life insurance policy for yourself and for your family is important because you don't want to pay a hefty fee every time you get involved in an accident or death-defying incident.

According to Ms.Vicky Llano:

“Life insurance is an asset, not an expense.

It is meant to address unforeseen circumstances in one's life, a protection for oneself and love once during a financial crisis.

In a way, life insurance is also buying money at a discount price.”

There are two types of life insurance—term coverage and whole life coverage.

A term coverage has a limited number of years if it comes to protecting you and your beneficiaries.

Meanwhile, a whole life coverage provides lifelong protection if you keep up with the payments and is considered as a more expensive option.



BROKE SCHOLAR TIPS:
Evaluate coverage needs
Consider term vs whole life insurance
Review policies regularly
Ask your parent or guardians about the
life insurance policy your family has



STUDENT STRATEGIES FOR THE GOLDEN YEARS

A retirement plan is important because you won't be getting any money when you retire but you will have to save a lot more in order to live easily and peacefully once you are at that certain age.

RETIREMENT PLAN: A financial strategy to ensure a comfortable lifestyle in retirement; involving various methods in saving and investing money in preparation for the future

In retiring, you have two options if it comes to living in the Philippines. The first option we can explore is the Social Security System (SSS) of the Philippine government. Otherwise, the second option we can use is starting our own retirement account.

Planning for retirement involves setting goals. As college students, we might not yet be thinking about retirement. However, we need to start thinking about our goals.

When you have a retirement plan, you could have money if you don't have a job due to old age or other circumstances. It is important to plan for our future.

As we plan for retirement, we also need to think about where we invest our savings, even starting right now.

As we go along, we also need to adjust the strategies that we use, as needed.

According to Ms.Vicky Lleno:

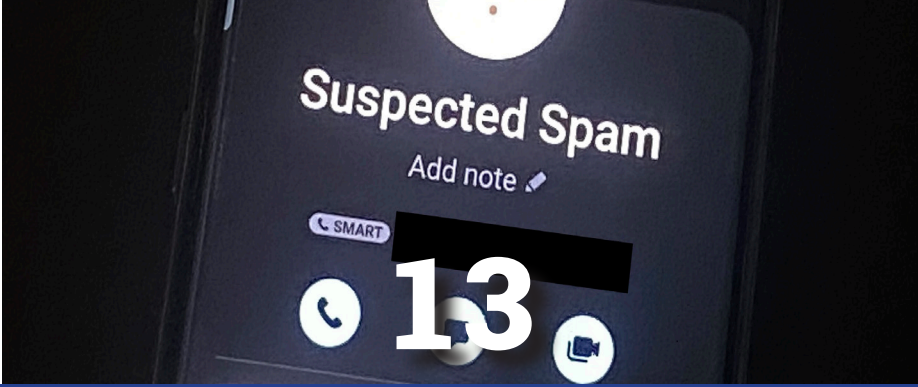
“Retirement is the longest holiday in your life, or it can be the longest nightmare in your life. So, we better take this matter seriously. This is when all your preparation during your younger years would come in.”

This is where we also need to learn to save up money before we retire so that we could have enough money to buy what we will need as we get older. This is something that we need to think about even as college students.

BROKE SCHOLAR TIPS:



- Start saving early
- Take advantage of employer-sponsored plan
- Consider investment options wisely
- Write down a list of financial goals you want to achieve when you retire



SCAM-PROOF FINANCE: SAFEGUARDING STUDENT WEALTH

Financial scams are bad and annoying, especially for college students, as they can be manipulating and threatening at the same time when being targeted with one.

FINANCIAL SCAM:
Fraudulent schemes or deceptive practices aimed at stealing money or sensitive information

College students can be vulnerable and can be targets of these types of scams because they don't know how to manage their money if it comes to their needs.

Usually, we don't care on where we spend our money all the time, and we tend to easily believe in things that is said by non-trusted sources when we feel like it.

Protecting against scams can be done by each one of us. It involves staying informed and keeping updated on the trends.

We can also avoid getting scammed by always verifying information, making sure that we can check that they are true.

To protect yourself, you can also check for reviews, avoid accepting messages from people you don't know, and avoid clicking on links that are suspicious or not recommended by legitimate journalists, news, and other trusted sources of information.

Remember, you should always report suspicious activity.



BROKE SCHOLAR TIPS:
Be skeptical of unsolicited offers
Use secure online practices
Educate yourself about common scams

Emanuel “Maui” David, a friend of mine who is a college student, shared his experience with financial scams.

“Someone on my Steam account messaged me, saying that I was buying illegal games. I said I never do that they he said I added names on Discord so I added him and he scared me and he told me he banned my Steam and I would never create a Steam account again. So ,in order to get my Steam account back he ask me to buy Steam codes for him on code shop and I did not know I got scammed.

*He took my money that I earned from Twitch. In total, I lost P2,745.
...That money was actually the money I saved for my thesis.”*

Protecting yourself from financial scams is just one example of financial responsibility. Your objective of achieving financial freedom is a journey. Guarding your money from scams is just a piece of the bigger picture when it comes to handling your finances.

CONCLUSION

As college students, we don't have financial freedom yet due to lack of source of income and we only rely on allowances and part-time-job money.

Financial freedom can only happen when we are now working in the real world, which is after college. Our objective right now is to learn how we should manage our money, through responsible finances and through investing.

In this book, we had financial advisors, college students, elderly people, and others who told us about their experiences with various topics relevant to financial freedom.

In particular, some examples of articles that were relatable to college students are those related to saving and investing, as well as avoiding financial scams. I might not have had personal experiences with these topics, but the people I interviewed had those experiences that could help "broke scholars" like us to learn more about the basics of investing and other financial topics and how that could help us gain financial knowledge and skills.

In the end, I hope these investing basics could help you, as college students, to become financially empowered and achieve financial freedom in your future.

As we finish off this book, it's clear that knowing how to invest and having good financial smarts are important for college students.

Learning about money, making smart investment choices, and being savvy about your finances can really make a big difference in how you handle your money now and in the future.

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THE BROKE SCHOLAR'S GUIDE TO INVESTING BASICS

Welcome to
*"The Broke Scholar's Guide
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In this book, you will be able to begin your financial freedom journey through learning the basics of investing, going through financial foundations, fundamental concepts in finance, and ensuring financial security.



Carlo Ronquillo
with Vicky Lleno (Consultant)

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