

Moving towards Improved Financials

I remember getting mixed emotions when I was excited about finishing college and looking forward to building a career, but also scared of plunging into the world of grown-ups and competing with many other qualified candidates for a job. That time, our family was experiencing a financial crisis adding to the pressure of immediately finding a means to earn. I was invited to several job interviews but these did not bear fruit, not because I was not good enough but because of my failing to get to the venue. After being late the first time, and with that experience – leaving the house three hours ahead of time scheduled then bumping me into different persons just to get on the bus; I never attempted to try once more. That was very awful for me because in the province, there's no such thing like that. Therefore, I went back to the province and landed a job in the Provincial Accounting Office.

The salary offered was pretty small but it is alright with me. I'm staying with my family and do not need to worry about traffic and hurting myself everyday just to get to work. But during my stay in the province, I feel that I'm not learning anything related to my being accountant. My work is for an office clerk. Luckily, I was referred by our Provincial Accountant and being offered a job in the city as bookkeeper of a construction company with a much higher salary, and considering the fact that I had in myself a huge responsibility, I accepted.

Since I was in the city, it opened me to different opportunities. It gave me the time to attend to seminars of the Philippine Institute of Certified Public Accountants for my Continuing Professional Development. It helped me to stay up to date on the newest accounting standards, regulations and laws and kept me abreast of what is happening in the industry. As a result, I never had to worry about falling behind in knowledge or practice.

Now that I was working and independent from my family, I felt like such a grown-up young lady managing my own finances. Every payday, I would divide the money I get according to the things that needs to be paid, give my parents their share (even at times not required) and save some for emergency purposes. I became strict with myself when it comes to managing my finances. I started investing and saving in the bank. I also had the opportunity to treat myself once in a while. I remembered every single expense I incurred, even more so because I was finally financially-capable.

However, as time passed by and as we earn more; we get exposed to comforts and luxuries and sometimes get spoiled by these. After years of being so tight with money, you will feel kind of liberating to indulge a little. When little turns to a lot, trouble comes in. Therefore, as early as we can, we should try to discipline ourselves when it comes to finances.

I would like to share some of my personal financial management system for young professionals like me.

- ✓ Track your monthly expenses

It is important to know how much you spend in a month whether in food, clothing, housing or entertainment. This will be useful in knowing how you spend your income and will enable you to develop a budget.

- ✓ Develop a budget and be faithful to it

Prepare a realistic budget according to your monthly expenses identified previously. Follow this budget and continuously track your expenses. The cycle goes on.

- ✓ Make sure to allocate some amount for savings

Savings will be used as emergency fund for unforeseen expenses. Always remember that sale in malls is not an emergency.

- ✓ Pay bills on time to avoid penalties

Prepare a schedule of when each bill is due to make sure that you don't miss deadlines. This will avoid additional cost on your part.

- ✓ Make sure to transact with legitimate financial institutions

Open a checking or savings account only in FDIC-insured banks. Before investing, make your own research about the institution you will be dealing first.

- ✓ Assess your insurance policies

Insurance is an important tool for protection against different risks that can have a negative impact in your financial situation. The premiums you pay can greatly affect your monthly budget. Seek the help of a financial adviser in assessing your insurance policies so that you will not be paying too much for coverage.

- ✓ Be mindful when using credit cards

If your debts grow faster than you can pay, it is a sign that you should pay off all your debts and stop using your credit cards. You should not be living beyond your means.

- ✓ Take advantage of free money

If offered a retirement or health contribution plan by your employer, make sure to pay the contributions. Remember that maximizing your contributions diminishes your taxable income.

Financial planning is often overlooked and ignored. Implementing your own personal financial management will help improve your financial situation. Planning takes you from where you are right now to what you would like to be in the future. Begin planning today and ensure your financial future.

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This column accepts contributions from accountants, especially articles that are of interest to the accountancy profession, in particular, and to the business community, in general. These can be e-mailed to boa.secretariat@gmail.com