

# Why Filipinos should get into financial planning, investing

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Taking out an insurance policy is one of the many proven ways people can plan for their future. In developed countries like the US, the insurance business is a \$1-trillion industry, and 172 million or more than half of Americans have some form of life insurance, according to the Life Insurance and Market Research Association (LIMRA).



In the Philippines, however, only 7.4 million have some form of life insurance in 2017, according to the Insurance Commission (IC). The figure reflects the huge gap in life insurance and financial planning in the country that needs to be addressed.

One company that's trying to bridge the gap is AXA Philippines, currently the country's number two life insurance company in terms of premium income. The STAR recently spoke to its president and chief executive officer Rahul Hora to talk about how the company enables more Filipinos to plan for their future by investing in life insurance.

**The importance of financial planning**

"There is definitely a significant gap when it comes to their understanding and appreciation of the financial industry as a whole, not only of insurance. That gap is there in the entire ASEAN region, but one of the most significant gaps is in the Philippines. The awareness and the importance of financial planning are not much embedded in the culture of the Filipinos," Hora said.

The India-born executive, who has been with AXA since 2009, has seen firsthand the attitude of Filipinos toward saving and financial planning.

“Filipinos love to live by the day and if they have a certain amount of money, enjoying it comes as a higher priority compared to planning for their future. In India, it’s different; people there are very inclined to savings. They’re always thinking of how to plan for the future. It’s a little bit on the contrary: they live in the moment less and are always saving for the future,” Hora said.

To raise awareness about the importance of financial planning, Hora said AXA focuses on educating Filipinos on the importance of saving, investing, and getting an insurance policy. In fact, AXA has introduced the electronic financial needs analysis tool (eFNA) to help customers understand their needs so that they can act upon it, by taking out an insurance product best suited to their requirements.

“We have the largest spread of financial products across life, general insurance, and health. If you are looking for solutions like savings and protection, investment, planning for your retirement, education — AXA has all those kinds of products,” Hora said.

“If you are talking about asset protection, for your home, car, or business in a country where there are a lot of calamities, we have general insurance for that as well. We understand that if anything goes wrong in any of those assets, then it also has a big impact on the lifestyle of the family,” he added.

Aside from life insurance and asset protection, Hora said AXA Philippines also encourages Filipinos to invest in health insurance.

“While you are earning and saving for yourself, it’s important to get insured. If in case anyone in the family was to have a critical illness, which is quite common in Filipino families now, it really is a big financial burden, and it really changes and impacts the family. So we also promote the importance of buying health insurance for the individual and the family,” Hora said.

#### Diversifying one’s investments

Investing is a good start to grow one’s wealth and achieve a financially secure future. But for individuals who want to weather market volatility or economic changes, Hora advises on long-term investing coupled with diversification.

“Typically, when a customer in the Philippines invests, he or she gets exposed to either the local equity market or the local debt market. Looking forward, he or she misses out on possible growth opportunities in other parts of the world. In such circumstances, global diversification is the best investment strategy,” Hora said.

AXA Philippines has introduced Asset Master, a new product that allows Filipinos to have a diversified portfolio of long-term investments. Asset Master is an investment and insurance plan that also comes with a brand new fund, the global dynamic allocation funds. This set of funds allows the customer to access the five major markets around the world: the US, Europe, Japan, Asia Pacific excluding Japan, and emerging markets.

Customers can choose based on their risk appetite and whether their investment will be in the global equity market debt market, or a combination of both. The fund manager also maintains a close watch on the investments to protect it from potential risks like extreme market drops. Best yet, Asset Master has the automatic rebalancing feature that protects your investment from extreme market drops.

“The beauty of Asset Master is that the customer gets to invest in a part of the world where the economy is performing better. If the economy where the money was invested suddenly doesn’t perform well, we can easily move the investment to a better investment destination. And, since the fund managers are the ones in charge of moving the investment from one geography to another, customers don’t have to bother moving the funds on their own or change their product altogether,” Hora said.

Currently, Asset Master is being offered to high networth customers looking to start investing or expand their investments outside Philippine borders. With the ongoing crests and curves in the local economy, investing in Asset Master will enable customers to protect their investments from potential risks brought about by economic changes.