Financial Strategy

Account structure, banking, buffers, land protection & asset strategy

This document covers: where to keep money, how to structure accounts, departmental budgeting, insurance costs, buffer reserves, land and asset protection, and protecting your daughter's future. All in one place. All the questions answered.

1. Where To Keep The Money — AUS vs PHP

Australia — keep the bulk here

Australian savings accounts are currently paying **4.5% – 5.4% per annum** on high-interest accounts. The AUD is a stable, well-regulated currency backed by APRA. Deposits are government-guaranteed up to $250,000 per institution.

- **ING Savings Accelerator:** up to 5.4% p.a. (conditions apply)
- **CommBank GoalSaver:** 4.5% p.a. total variable rate
- **Macquarie Savings:** ~4.5% p.a. no conditions
- **Term deposits:** ~4.35% p.a. locked for 12 months

Philippines — much lower, but you need PHP for operations

Philippine savings accounts pay **0.0625% – 0.5% per annum**. That is not a typo. Traditional banks like BPI, BDO, and Metrobank pay almost nothing on savings. Digital banks like CIMB, Maya, and Tonik pay slightly more (2.5% – 4%) but come with withdrawal limitations.

- **BPI Regular Savings:** 0.0625% p.a.
- **BDO:** 0.125% p.a.
- **Metrobank:** 0.125% p.a.
- **Maya Bank:** ~3.5% p.a. (digital bank)
- **Tonik:** up to 6% p.a. on time deposits (digital bank)

Interest on PHP savings is also taxed at **20% withholding tax** on top of the already low rates.

The strategy

KEEP THE BULK IN AUSTRALIA. TRANSFER TO PHP AS NEEDED.

Here is how to structure it:

Account	Location	Purpose	Target Balance
High-interest savings	Australia (ING or Macquarie)	Main reserve. Family safety net. Earning 4.5%+ while you sleep.	As much as possible. This is the vault.
Business operating account	Philippines (BPI or BDO)	Day-to-day business expenses. Feed purchases, wages, utilities, fuel.	PHP 200,000 – 500,000 rolling balance
Business reserve account	Philippines (BPI or BDO)	3-month operating reserve. Emergency fund. Do not touch unless emergency.	PHP 300,000 – 600,000 (3 months of operating costs)
Personal PHP account	Philippines (BPI)	Family living expenses. Separate from business.	PHP 50,000 – 100,000 rolling
Transfer mechanism	Wise (formerly TransferWise)	Convert AUD to PHP at real exchange rate with low fees (0.5-1%). Fast transfer.	Transfer monthly or as needed

Why this works: your money earns 4.5%+ in Australia while you sleep. You transfer to PHP only what you need for the next 1-2 months of operations. You never have large amounts sitting in a PHP account earning 0.06%. If AUD strengthens against PHP, your purchasing power increases. If it weakens, you still have the buffer in your PHP reserve account.

Use Wise (wise.com) for AUD→PHP transfers. The exchange rate is the real mid-market rate with a small transparent fee (~0.5-1%). Much cheaper than bank wire transfers. Transfers arrive in 1-2 business days.

2. Department Budgets — Micro-Accounts Per Spoke

Do you need separate bank accounts per department?

No. Separate bank accounts for each spoke would be a nightmare — 12 accounts, 12 sets of fees, 12 reconciliations. Philippine banks charge maintaining balance fees on each account. Don't do it.

What you do instead: one account, internal tracking

Use **one business operating account** and **one business reserve account**. Track department budgets internally using a simple spreadsheet or accounting software. Every transaction is tagged to a department. This is how every multi-department business works.

The accounting structure:

Level	What It Is	Example
Master Account	One BPI/BDO business checking account	All money in, all money out through here
Department Codes	Internal tracking codes for each spoke	FEED-001, CAFE-001, POUL-001, LIVE-001, etc.
Monthly Budget	Pre-allocated amount per spoke per month	Feeds: PHP 80,000 | Café: PHP 30,000 | Poultry: PHP 15,000
Expense Tagging	Every receipt/payment tagged to a department	Feed purchase → FEED-001. Chicken feed → POUL-001.
Monthly P&L	Profit/loss report per department per month	Feeds: Revenue PHP 120,000 – Costs PHP 85,000 = Profit PHP 35,000

This gives you **full visibility** into which spokes are making money and which are costing money — without the hassle of multiple bank accounts. It also makes tax reporting simpler.

Recommended tools

- **Stage 1 (simple):** Google Sheets with department tabs. Free. Accessible from anywhere. Shared with Aileen.
- **Stage 2 (growing):** Wave Accounting (free) or GnuCash (free, open source). Both support department tracking.
- **Stage 3 (full operation):** QuickBooks or Xero. ~PHP 1,000-2,000/month. Full invoicing, payroll, reporting.

3. Spoke Budgets, Insurance & Buffers — Stage 1

Stage 1 is **Feeds & Supply** plus initial farm operations. Here is what the monthly cost structure looks like with insurance and buffers built in:

Spoke / Cost	Monthly Budget (PHP)	Buffer (PHP)	Insurance (PHP/mo)	Notes
Feeds & Supply — stock purchases	60,000 – 100,000	20,000	—	Wholesale feed, corn, rice. Buffer covers price spikes.
Feeds — delivery/fuel	8,000 – 15,000	3,000	—	Fuel, vehicle maintenance
Feeds — delivery vehicle insurance	—	—	1,000	Comprehensive vehicle insurance (~PHP 12,000/yr)
Poultry (initial flock)	5,000 – 10,000	3,000	200	Feed, housing, vet. PCIC livestock insurance.
Livestock (initial goats)	3,000 – 8,000	3,000	150	Feed, fencing, vet. PCIC livestock insurance.
Vegetable garden	2,000 – 5,000	1,000	—	Seeds, compost, tools. Low overhead.
Structure insurance	—	—	1,000	Container fire + typhoon + flood (~PHP 12,000/yr)
General liability	—	—	500	Public areas, café prep (~PHP 6,000/yr)
PCIC crop/non-crop	—	—	200	Government subsidised — very low cost
Staff wages (1-2 people)	15,000 – 25,000	—	—	Initial staff. Cross-trained.
Utilities (power, water, phone)	5,000 – 8,000	2,000	—	Generator fuel if off-grid initially.
Accounting / bookkeeping	2,000 – 3,000	—	—	Local accountant, monthly reconciliation.
Miscellaneous / contingency	5,000	5,000	—	The "didn't see that coming" fund.

STAGE 1 MONTHLY TOTALS:

- **Operating costs:** PHP 105,000 – 177,000 /month
- **Buffer reserves:** PHP 37,000 (held in reserve account, replenished monthly)
- **Insurance:** PHP 3,050 /month (PHP 36,600 /year)
- **TOTAL monthly outgoing:** PHP 145,000 – 217,000

In AUD at roughly PHP 37 = AUD 1, that is approximately **AUD 3,900 – 5,900 per month** total.

The feed hub should be generating revenue from month one. At 30 bags/day average at PHP 250 margin, that is PHP 225,000/month gross margin from feeds alone — enough to cover all Stage 1 costs.

4. Land & Asset Protection — This Is Critical

■ WARNING: READ THIS CAREFULLY

The law on land ownership

Under the Philippine Constitution, **foreigners cannot own land**. Full stop. As an Australian citizen, Aidan cannot have his name on a land title. The land must be titled in **Aileen's name** (as a Filipino citizen) or in the name of a Philippine corporation with at least 60% Filipino ownership.

Key points:

- Aileen retains Filipino citizenship — she can own land without restriction
- Under Philippine family law, property acquired during marriage is presumed community property (Absolute Community of Property)
- Aidan's name **cannot** be on the land title but **can** be on the contract to buy
- If Aileen passes first, Aidan gets the cash value of his share (not the land title) — but the land passes to Filipino heirs (your daughter)
- **DO NOT** attempt to put land in trust for a foreigner — this violates the Anti-Dummy Law and risks criminal penalties and forfeiture

Protecting your daughter

Your daughter, if born to a Filipino mother, is a **natural-born Filipino citizen**. She can own land without restriction. Under Philippine succession law, she is a **compulsory heir** — meaning she cannot be disinherited. She is legally entitled to a portion of both parents' estates.

What to do — NOW, before you move:

→ **1. Hire a Philippine lawyer — specifically one experienced in family law and estate planning for mixed-nationality couples. Budget PHP 10,000-25,000 for initial consultation and document drafting. This is non-negotiable.**

→ **2. Draft wills in BOTH jurisdictions — an Australian will covering your AUD assets and a Philippine will covering PHP assets and land. Both wills should name your daughter as primary beneficiary. Philippine wills must comply with Philippine formalities (notarised, witnessed).**

→ **3. Consider a prenuptial/postnuptial agreement — this cannot give Aidan land ownership, but it can clearly define financial contributions, management rights, and what happens to the cash value of investments if the marriage ends. Protects both parties.**

→ **4. Title the land in Aileen's name — this is the only legal option. Do it properly with a clean title (no liens, no disputes). Get title insurance if available.**

→ **5. Usufruct agreement — Aidan cannot own the land, but he can have a registered usufruct (right to use the land and benefit from it) for his lifetime. This is legal and registrable. It means even if something happens to the marriage, Aidan retains the right to use the land and farm.**

→ **6. Life insurance — both Aidan and Aileen should have life insurance naming your daughter as beneficiary. This is the ultimate safety net. If either parent dies, your daughter receives a lump sum independent of the business or land.**

→ **7. Document everything — every PHP invested from Australian savings should be documented with bank transfer records, Wise receipts, and a clear paper trail showing Aidan's financial contribution to the enterprise. This protects his economic interest even though he cannot own the land.**

The governance document already states: the land cannot be sold. The enterprise cannot be sold. Succession goes through family lines. Your daughter is protected by BOTH the governance charter AND Philippine succession law. But you need a lawyer to make this watertight.

5. Business Entity Structure

You have options for the business structure. Each has trade-offs:

Structure	Pros	Cons	Recommendation
Sole Proprietorship (Aileen)	Simple. Cheap to register. Quick to set up. Aileen as Filipino citizen is the owner.	No separation between personal and business assets. Full personal liability. If Aileen is incapacitated, business has no legal owner.	Good for Stage 1. Register with DTI. Low cost (~PHP 1,000-2,000).
Partnership (Aileen + family member)	Simple. Shared responsibility. Can include Rojan or Arianne.	Still personal liability. Partners disagree = problems. Dissolves if a partner leaves.	Possible but not ideal long-term.
Domestic Corporation (60/40)	Limited liability. Formal governance. Aidan can hold up to 40% equity. Can own land. Survives founders.	More expensive to set up (PHP 30,000-80,000). Annual compliance requirements. SEC registration needed. Minimum 5 incorporators.	Best for long-term. Consider setting up at Stage 2 when revenue is proven.

Recommended approach:

- **Stage 1:** Sole proprietorship in Aileen's name. Register with DTI (Department of Trade and Industry). Get a business permit from Ragay municipal office. BIR registration for taxes. Simple, fast, cheap.

- **Stage 2 (when revenue exceeds PHP 200,000/month):** Incorporate as a domestic corporation. Aileen and Filipino family members hold 60%+. Aidan holds up to 40%. This gives legal separation between personal and business assets, and the corporation can own the land.

- **The corporation structure** also aligns with the governance document — it creates a legal entity that survives the founders and can be passed to the next generation through succession.

6. Tax Considerations — Brief Overview

Get a Philippine accountant. This is not optional. But here are the basics:

- **BIR Registration:** Required before operating. Register as sole proprietor or corporation.

- **Income tax:** Sole proprietors can elect 8% flat tax on gross sales (if under PHP 3M/year) instead of graduated rates. This is simpler.

- **VAT:** Not required until gross sales exceed PHP 3M/year. Below that threshold, you pay 3% percentage tax instead.

- **Withholding tax on PHP interest:** 20% automatically deducted by the bank.

- **Australian tax obligations:** If Aidan is an Australian tax resident, worldwide income is taxable in Australia. You may get foreign income tax credits for Philippine taxes paid. Consult an Australian accountant too.

- **Transfer pricing:** If you're moving AUD to PHP for business purposes, keep records of every transfer. Wise provides transaction records automatically.

7. Summary — The Financial Architecture

Question	Answer
Where does the bulk of money sit?	AUSTRALIA. High-interest savings at 4.5%+. Government guaranteed to $250K.
How do we fund PHP operations?	Monthly transfers via Wise. AUD→PHP at real exchange rate. Transfer what you need for 1-2 months.
Do we need separate bank accounts per spoke?	NO. One business operating account + one business reserve account. Track departments internally with codes.
How do we track departmental costs?	Tag every transaction to a spoke code (FEED-001, CAFE-001, etc). Monthly P&L per department in spreadsheet.
What accounting tool?	Stage 1: Google Sheets. Stage 2: Wave or GnuCash (free). Stage 3: QuickBooks/Xero.
How much insurance?	~PHP 3,050/month (PHP 36,600/year). Covers structure, vehicle, livestock, crops, liability.
What buffer do we hold?	3-month operating reserve in PHP business reserve account. Plus department-level buffers for price spikes.
Who owns the land?	AILEEN. As Filipino citizen. Aidan cannot own land. Get a usufruct agreement for Aidan's use rights.
Can we put land in trust?	NO. Trusts for foreigners violate the Anti-Dummy Law. Criminal penalties. Don't do it.
How do we protect our daughter?	She is a compulsory heir under Philippine law. Draft wills in both AU and PH. Life insurance on both parents. Governance charter ensures land never sold.
Business structure?	Stage 1: Sole proprietorship (Aileen). Stage 2: Domestic corporation (60% Filipino / 40% Aidan).
Do we need a lawyer?	YES. Philippine family law + estate planning lawyer. Non-negotiable. Budget PHP 10,000-25,000.
Do we need an accountant?	YES. Philippine accountant for BIR compliance. Australian accountant for worldwide income. Both non-negotiable.

8. Action List — In Order of Priority

Before you leave Australia

→ **1. Set up ING Savings Accelerator or Macquarie Savings account — get your reserve earning 4.5%+**

→ **2. Set up Wise account (wise.com) — link to your AUD bank for PHP transfers**

→ **3. Consult an Australian accountant about tax residency implications of moving to Philippines**

→ **4. Get life insurance on both Aidan and Aileen — name your daughter as beneficiary**

→ **5. Draft an Australian will covering AUD assets**

First month in Philippines

→ **6. Open BPI or BDO business checking account in Aileen's name**

→ **7. Open a separate BPI/BDO savings account as the business reserve**

→ **8. Register business with DTI (sole proprietorship, Aileen's name)**

→ **9. Register with BIR for tax purposes**

→ **10. Get business permit from Ragay municipal office**

→ **11. Hire a Philippine lawyer — family law, estate planning, property**

→ **12. Draft Philippine will for both Aidan and Aileen**

→ **13. Register usufruct agreement for Aidan over the land**

→ **14. Register with RSBSA for subsidised agricultural insurance**

→ **15. Contact PCIC Regional Office 5 for livestock and crop insurance**

→ **16. Get quotes from AXA or Prudential Guarantee for structure insurance**

First three months

→ **17. Set up department tracking spreadsheet (Google Sheets)**

→ **18. Hire local accountant for monthly bookkeeping and BIR compliance**

→ **19. Insure delivery vehicle**

→ **20. Build 3-month operating reserve in PHP business reserve account**

→ **21. First monthly P&L report per department**

**Your brain is not mental. It is working exactly how it should.
These are the questions that protect your family.**

Bambi's Place — March 2026