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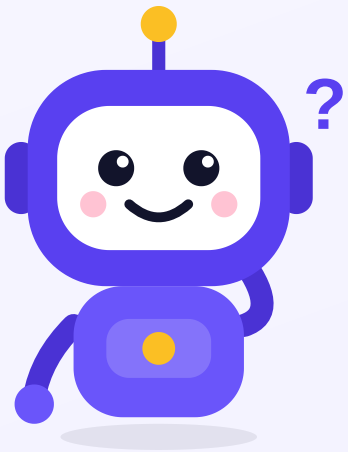
Online Calculator Guides · Book 1

Loan Calculator Guide

Know the real cost before you borrow — monthly payments, total interest, add-on rates and safe lenders, made simple

Total beginner · ages 13 and up | About 80 minutes | 10 chapters with quizzes | Free

Before you borrow, let's do the math together. Two minutes with a calculator can save you thousands!



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Loan Calculator Guide

Know the real cost before you borrow — monthly payments, total interest, add-on rates and safe lenders, made simple

Online Calculator Guides, Book 1 · First edition, November 2026

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What you will learn

- The four loan words that matter: amount, rate, term and payment
- How to use a loan calculator and read the results
- Why a longer term or a higher rate costs much more
- Add-on rate vs diminishing balance, fees and the real rate
- How much you can safely afford to pay each month
- How to compare lenders, spot unfair loans and know your rights

This is **Book 1** of the **Online Calculator Guides** series. Each book shows you how to use one everyday online calculator wisely — and what the numbers really mean. We start with loans, because a loan is a promise you will keep paying for months or years.

Our honest promise

This book will not tell you to borrow or not to borrow. It teaches you to see the full cost first, so you can decide calmly. It is general information, not financial or legal advice, and it does not recommend any lender. Rates and rules change, so check the official sources. All names and amounts in the examples are made up.

Age note

This series is for ages 13 and up. Most loans are only for adults 18 and over, and SSS and Pag-IBIG loans need contributions. Younger readers can learn the math now, help their family compare offers, and be ready later.

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What you need

Item	Why
A phone or computer	To open the free ToolsKo Loan Calculator
A notebook or spreadsheet	To write down and compare loan offers
Your monthly take-home pay (or your family's)	To check what payment you can afford
A loan offer or ad (optional)	To practice on a real example
About 20 minutes a day for 2 weeks	To learn, practice and compare

How to use this book

1. **Calculator open**
   Try every example yourself in the Loan Calculator as you read.

2. **One chapter a day**
   Short daily practice beats one long night.

3. **Check your learning**
   Every chapter ends with key takeaways, 3 quiz questions with answers, and a practice task.

THE LOAN RULE IN ONE LINE

```
Monthly payment + total cost + real rate + fits my budget =
ready to decide
```

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WHAT'S NEXT Your Next Learning Path

EXTRA Free ToolsKo Tools for This Book

EXTRA Words to Know (Glossary)

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CHAPTER 1

Why a Loan Calculator Matters

A loan can help in an emergency or for a big need. But the price of a loan is hidden in numbers. A calculator shows you that price before you sign.

Many people only ask one question before borrowing: “How much will I get?” The better questions are: “How much will I pay every month?”, “How much will I pay in total?” and “For how long?” A loan calculator answers all three in a few seconds.

New word: loan

A **loan** is money you borrow now and promise to pay back later, usually with extra money called interest. It’s like renting money: you use it for a while, and you pay a “rent” for it until you give it all back.

New word: loan calculator

A **loan calculator** is a free online tool. You type the loan amount, the interest rate and how long you will pay. It shows your monthly payment, the total interest and the total you will pay. It’s like a price tag for a loan.

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Loan myths

PICTURE 1 **Loan myths vs truths**

MYTH

What people think

- "Only the monthly payment matters."
- "A small rate per month is cheap."
- "A longer term is always easier."
- "Fast approval means a good loan."

TRUTH

What's really true

- The total cost matters just as much
- 2% a month is 24% a year
- Longer terms usually cost more in total
- Fast loans are often the most expensive

A loan that looks cheap by the month can be expensive by the year. The calculator shows the whole picture.

The big idea of this book

Know the full cost before you borrow. Check three numbers every time: the monthly payment, the total you will pay, and the real rate. Then ask, "Does this fit my budget?"

A real-world example

Carlo wants to borrow ₱50,000 and pay it in 12 months. Lender A says "1.5% a month." Lender B also says "1.5% a month." They sound the same. But Lender A computes interest on the balance that goes down each month: he pays about **₱5,008** in interest. Lender B uses an "add-on" rate on the full amount: he pays **₱9,000**. Same words, almost ₱4,000 difference. You will learn why in Lesson 3.

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QUICK RECAP

A loan is borrowed money you pay back with interest. A loan calculator shows the monthly payment, total interest and total cost in seconds. Myths: only the monthly payment matters, small monthly rates are cheap, longer is always easier. Big idea: know the full cost before you borrow — monthly payment, total paid and real rate — and check that it fits your budget.

TRY IT NOW

Open the calculator

1. Open the ToolsKo Loan Calculator.
2. Type ₱50,000, 18% a year and 1 year.
3. Write the monthly payment, the total interest and the total paid.

Key takeaways

- A loan is renting money.
- Check the monthly payment and the total cost.
- A small monthly rate adds up over a year.
- Big idea: know the full cost first.

Quiz: 3 quick questions

1. What does a loan calculator show?

A Monthly payment, total interest and total paid
B Your credit card number
C Which lender is honest

2. 2% a month is about how much a year?

A 24%
B 2%
C 12%

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3. Two lenders both say "1.5% a month." Will the cost always be the same?

A No — the way interest is computed can differ

B Yes, always

C Only on weekends

Answers

1. **A. Monthly payment, total interest and total paid** — It turns the amount, rate and term into the price of the loan.
2. **A. 24%** — 2% × 12 months = 24% a year (before compounding).
3. **A. No — the way interest is computed can differ** — Add-on and diminishing-balance loans cost very different amounts.

PRACTICE TASK

Your loan questions card

Write the three questions on a small card: "How much every month?", "How much in total?", "For how long?" Keep it in your wallet or phone. Ask them before any loan, installment or "buy now, pay later" offer.

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CHAPTER 2

Loan Basics: The Words You Need

Every loan is made of the same few parts. Learn these words and any loan offer becomes easier to read.

Four numbers go in, three numbers come out

PICTURE 2 **How a loan calculator works**



You give it the amount, the rate and the term. It gives you the monthly payment, the total interest and the total you will pay.

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Loan words you will use

Word	What it means	Example
Principal	The amount you borrow	₱50,000
Interest	The extra money you pay for borrowing	₱5,008 over 12 months
Interest rate	Interest as a percent, per month or per year	1.5% a month = 18% a year
Term	How long you will pay	12 months
Monthly payment (amortization)	The fixed amount you pay every month	₱4,584 a month
Total paid	Principal plus all interest and fees	₱55,008
Fees	Extra charges like processing or service fees	1% service fee
Net proceeds	The money you actually receive after fees are taken out	₱48,500 from a ₱50,000 loan

New word: amortization

Amortization (say “a-mor-ti-ZAY-shun”) means paying a loan little by little in equal monthly payments. Each payment covers some interest and some of the principal. It’s like eating a big cake one equal slice at a time until it’s gone.

Monthly rate vs yearly rate

In the Philippines, many loans and credit cards say the rate **per month**. Many calculators ask for the rate **per year**. To change a monthly rate to a yearly rate, multiply by 12. To change a yearly rate to a monthly rate, divide by 12.

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Per month	Per year (× 12)
0.5%	6%
1%	12%
1.5%	18%
2%	24%
3%	36% (the BSP's credit card ceiling)
6%	72%

Simple yearly rates. With compounding, the true yearly cost is a bit higher.

Always ask: per month or per year?

"3% interest" could mean 3% a month (36% a year) or 3% a year. That's a huge difference. If the offer doesn't say, ask before you sign.

QUICK RECAP

Principal is what you borrow; interest is what you pay for borrowing; the rate is interest as a percent; the term is how long you pay. Amortization means equal monthly payments that cover interest and principal. Net proceeds is the money you actually get after fees. Monthly rate × 12 = yearly rate. Always ask if a rate is per month or per year.

TRY IT NOW

Translate the rates

1. Change 2.5% a month into a yearly rate.
2. Change 9% a year into a monthly rate.
3. Check your answers with the ToolsKo APR ↔ Monthly Rate Converter.

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Key takeaways

- Amount, rate and term go in.
- Payment, interest and total come out.
- Monthly rate × 12 = yearly rate.
- Always ask: per month or per year?

Quiz: 3 quick questions

1. What is the principal?

A The amount you borrow

B The interest you pay

C The lender's name

2. 1.5% a month is how much a year (simple)?

A 18%

B 1.5%

C 15%

3. You borrow ₱50,000 but a ₱1,500 fee is taken out first. What are your net proceeds?

A ₱48,500

B ₱51,500

C ₱50,000

Answers

1. **A. The amount you borrow** — Interest is computed on the principal.
2. **A. 18%** — 1.5 × 12 = 18.
3. **A. ₱48,500** — ₱50,000 − ₱1,500 = ₱48,500 — but you still pay back the full ₱50,000 plus interest.

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PRACTICE TASK

Your loan word list

Write the eight loan words in your notebook with your own example for each. Then read one loan ad or bank page and circle every loan word you now understand.

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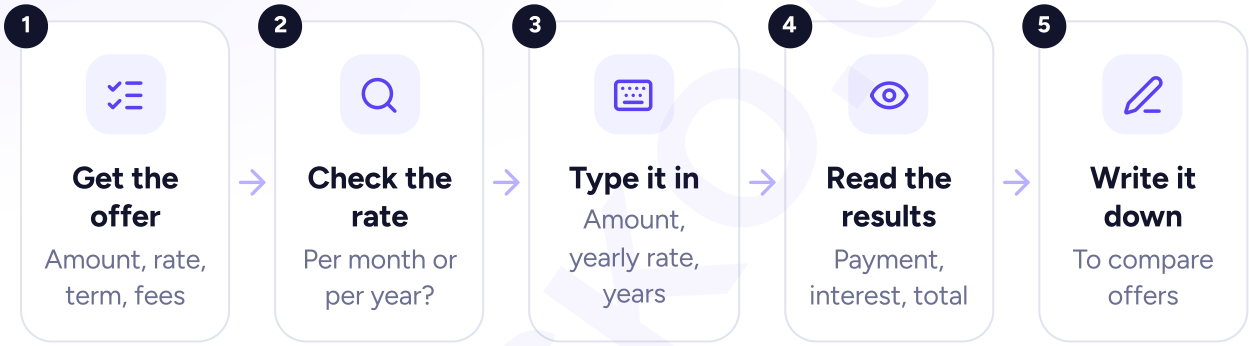
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CHAPTER 3 · LESSON 1

How to Use a Loan Calculator, Step by Step

Using a loan calculator takes less than two minutes. The real skill is putting in the right numbers and reading the answer well.

PICTURE 3 **Five steps to use a loan calculator**



Get the real numbers, change the rate to the right kind, type them in, read all three results and write them down.

Try it now

1 **Open the ToolsKo Loan Calculator**

It asks for three things: loan amount, interest rate per year, and term in years.

2 **Type the example**

Loan amount ₱500,000, rate 9% a year, term 5 years.

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3 **Read the results**

Monthly payment about **₱10,379**, 60 payments, total interest about **₱122,751**, total paid about **₱622,751**.

4 **Change one number at a time**

Try 3 years instead of 5, or 12% instead of 9%. Watch how the results move.

Months, not years?

If a loan is 6 months, type 0.5 years. If it's 18 months, type 1.5 years. If the rate is per month, multiply by 12 first.

Where your payment goes

Here is a small loan: ₱10,000 at 2% a month for 6 months. The payment stays the same, but look inside: at first, more goes to interest. Later, more goes to the principal.

Month	Payment	Interest part	Principal part	Balance left
1	₱1,785.26	₱200.00	₱1,585.26	₱8,414.74
2	₱1,785.26	₱168.29	₱1,616.96	₱6,797.78
3	₱1,785.26	₱135.96	₱1,649.30	₱5,148.48
4	₱1,785.26	₱102.97	₱1,682.29	₱3,466.19
5	₱1,785.26	₱69.32	₱1,715.93	₱1,750.25
6	₱1,785.26	₱35.01	₱1,750.25	₱0.00
Total	**₱10,711.55**	**₱711.55**	**₱10,000.00**	

Rounded to the centavo, so a row may be off by ₱0.01. This kind of table is called an amortization schedule.

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The U-T-A-N-G recipe

PICTURE 4 **U-T-A-N-G: the borrowing recipe**

U

Understand the real rate

Per month or per year? Add-on or diminishing?

T

Total cost first

"I will pay ₱55,008 in total for ₱50,000."

A

Afford it from your budget

All loan payments at or below about 20% of take-home pay.

N

Never sign without the disclosure statement

Ask for the written list of charges and the real rate.

G

Go compare at least three offers

SSS or Pag-IBIG, a bank, and one more.

↓

PUT TOGETHER:

Real rate, total cost, fits my budget, disclosure in hand, three offers compared.

Named after "utang" — debt. Before any utang, run through these five letters.

QUICK RECAP

Five steps: get the offer, check if the rate is per month or per year, type the amount, yearly rate and term, read all three results, and write them down. ₱500,000 at 9% for 5 years is about ₱10,379 a month and ₱122,751 in interest. An amortization schedule shows each payment split into interest and principal. Recipe U-T-A-N-G: Understand the real rate, Total cost first, Afford it, Never sign without the disclosure statement, Go compare three offers.

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TRY IT NOW

Run three tests

1. Type ₱100,000, 12% a year, 3 years. Write the monthly payment.
2. Change only the term to 5 years. Write the new payment and total interest.
3. Change only the rate to 24%. Write what happened.

Key takeaways

- Change the rate to yearly before typing.
- Read all three results, not just one.
- Early payments are mostly interest.
- U-T-A-N-G before any utang.

Quiz: 3 quick questions

1. A loan is 18 months. What do you type as the term in years?

A 1.5
B 18
C 0.18

2. In month 1 of the ₱10,000 example, how much of the payment was interest?

A ₱200
B ₱1,785.26
C ₱0

3. What does the N in U-T-A-N-G stand for?

A Never sign without the disclosure statement
B Now or never
C No need to compare

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Answers

1. **A. 1.5** — 18 months ÷ 12 = 1.5 years.
2. **A. ₱200** — 2% of the ₱10,000 balance = ₱200.
3. **A. Never sign without the disclosure statement** — The disclosure statement shows every charge and the real rate.

PRACTICE TASK

Your first calculation sheet

Make a sheet with these columns: lender, amount, rate (per year), term, monthly payment, total interest, total paid. Fill in the three test loans from the exercise. You will use this sheet to compare real offers later.

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CHAPTER 4 · LESSON 2

Rate and Term: What Really Changes the Cost

Two numbers decide most of a loan's cost: the interest rate and the term. Small changes make big differences.

A longer term: smaller payment, bigger total

₱100,000 at 12% a year	Monthly payment	Total interest
1 year	₱8,885	₱6,619
2 years	₱4,707	₱12,976
3 years	₱3,321	₱19,572
5 years	₱2,224	₱33,467

Rounded results from a standard loan calculator.

Going from 1 year to 5 years makes the monthly payment four times smaller — but the interest five times bigger. A longer term feels lighter each month, yet you pay for it longer.

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PICTURE 5 **Shorter term vs longer term**

SHORTER TERM

₱100,000 for 2 years

- Bigger payment: ₱4,707 a month
- Smaller interest: ₱12,976
- Debt-free sooner
- Must fit your budget

LONGER TERM

₱100,000 for 5 years

- Smaller payment: ₱2,224 a month
- Bigger interest: ₱33,467
- Debt for 5 years
- Easier month to month

Choose the shortest term whose monthly payment still fits your budget comfortably.

A higher rate: everything goes up

₱100,000 for 3 years	Monthly payment	Total interest
6% a year (0.5% a month)	₱3,042	₱9,519
12% a year (1% a month)	₱3,321	₱19,572
24% a year (2% a month)	₱3,923	₱41,238
36% a year (3% a month)	₱4,580	₱64,894

Same amount, same term — only the rate changes.

Rate × time = cost

At 36% a year, the interest on a 3-year ₱100,000 loan is almost **₱65,000** — more than half of what you borrowed. A lower rate is worth asking, comparing and waiting for.

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New word: total cost of credit

The **total cost of credit** is everything you pay on top of what you borrowed: interest plus fees. It's like the full bill at a restaurant, not just the price of the main dish.

The two-question test

Before you choose a term, ask: "Can I pay this every month, even in a bad month?" and "Is there a shorter term I can still afford?" Pick the shortest term that passes the first question.

QUICK RECAP

A longer term lowers the monthly payment but raises the total interest: ₱100,000 at 12% costs ₱6,619 over 1 year but ₱33,467 over 5 years. A higher rate raises both: at 36% a year for 3 years, the interest is almost ₱65,000. The total cost of credit is interest plus fees. Choose the shortest term that still fits your budget in a bad month.

TRY IT NOW

Find your sweet spot

1. Pick an amount you might borrow someday.
2. Try terms of 1, 2 and 3 years at the same rate.
3. Circle the shortest term with a payment you could pay every month.

Key takeaways

- Longer term = smaller payment, bigger total.
- Higher rate = everything bigger.
- Total cost = interest + fees.
- Shortest term you can truly afford.

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Quiz: 3 quick questions

1. You stretch a loan from 2 years to 5 years. What usually happens?

A Smaller monthly payment, more total interest

B Bigger payment, less interest

C Nothing changes

2. ₱100,000 for 3 years at 36% a year costs about how much interest?

A ₱64,894

B ₱9,519

C ₱36

3. Which term should you usually choose?

A The shortest one you can still afford every month

B Always the longest

C Whatever the agent says

Answers

1. **A. Smaller monthly payment, more total interest** — You pay interest for more months.
2. **A. ₱64,894** — A high rate over a long time adds up fast.
3. **A. The shortest one you can still afford every month** — It keeps the total cost low without breaking your budget.

PRACTICE TASK

Rate and term chart

Using one amount, fill a small table with 3 terms (1, 2, 3 years) and 3 rates (12%, 18%, 24%). Write the monthly payment and total interest in each box. Look for the box that is cheapest but still affordable.

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CHAPTER 5 · LESSON 3

Add-On Rates, Fees and the Real Rate

The same “1.5% a month” can mean two very different loans. Fees can make a loan cost even more. Here’s how to find the real rate.

New phrase: diminishing balance

With a **diminishing balance** loan, interest is computed only on what you still owe. As you pay, the balance gets smaller, so the interest gets smaller too. It’s like paying rent only for the rooms you still use.

New phrase: add-on rate

With an **add-on rate**, interest is computed on the **full** amount for the **whole** term, then added on top and divided by the months. Even when you have paid half, you are still charged as if you owed it all. It’s like paying rent for the whole house even after you moved out of half the rooms.

Same rate, different cost

₱50,000 for 12 months at “1.5% a month”	Diminishing balance	Add-on rate
Monthly payment	₱4,584	₱4,916.67
Total interest	₱5,008	₱9,000
Total paid	₱55,008	₱59,000
Real monthly rate	1.5%	About 2.64%

Add-on interest: ₱50,000 × 1.5% × 12 months = ₱9,000.

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PICTURE 6 **Add-on rate vs diminishing balance**

ADD-ON RATE

Interest on the full amount

- ₱50,000 × 1.5% × 12 = ₱9,000
- Charged on money you already paid back
- Real rate about 2.64% a month
- Common in car loans and installments

DIMINISHING BALANCE

Interest on what you still owe

- Interest gets smaller each month
- Total interest about ₱5,008
- The rate you see is the real rate
- Used by SSS, Pag-IBIG and most loan calculators

An add-on rate looks small but costs almost twice as much. To compare fairly, change every offer into its real (effective) rate.

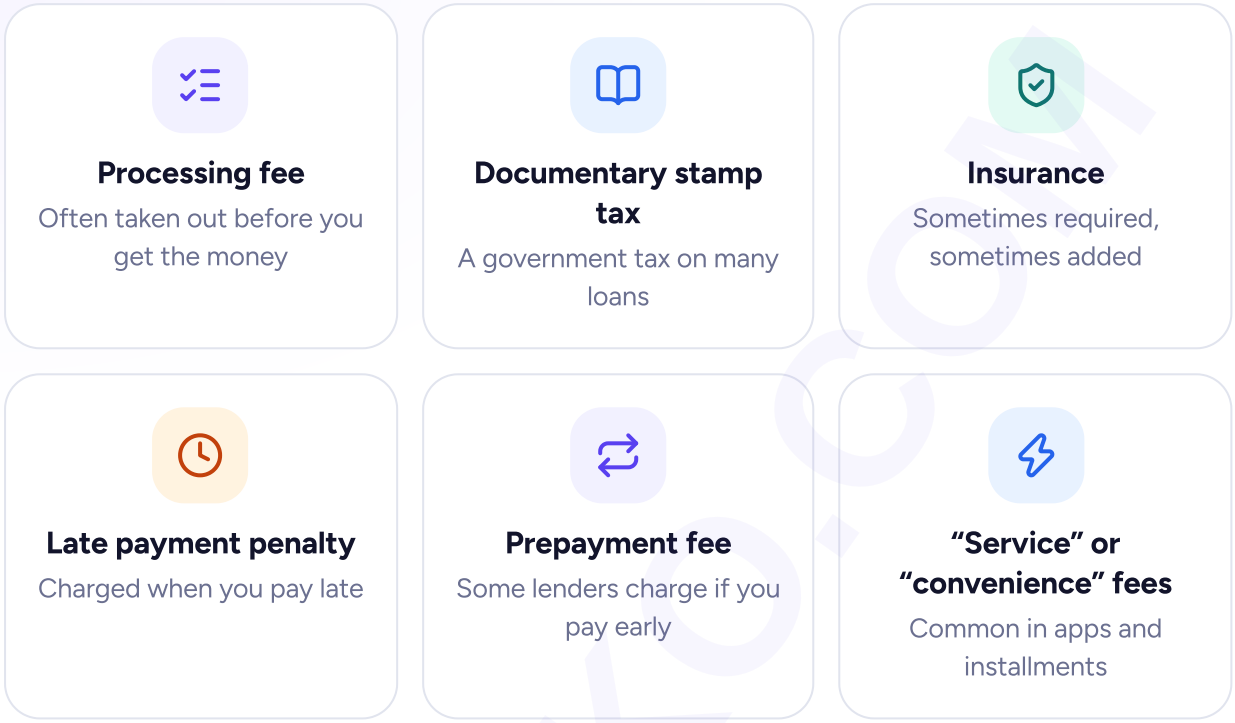
Use the right calculator

A normal loan calculator assumes a diminishing balance. For an add-on quote, use the ToolsKo **Car Loan Add-On Rate Calculator**: it shows the monthly payment and the true yearly rate. Example: ₱500,000 for 5 years at a 10% yearly add-on rate is ₱12,500 a month — a true rate of about **17.27%** a year.

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Fees make the real rate higher

PICTURE 7 Six charges to look for



Interest is only part of the cost. Ask for every fee in writing before you sign.

Example: you borrow ₱50,000 at 1.5% a month for 12 months, but a ₱1,500 fee is taken out first. You receive only ₱48,500, yet you still pay ₱4,584 a month. The real rate rises to about **2% a month**.

New phrase: effective interest rate (EIR)

The **effective interest rate** is the real rate after interest and fees are counted together. It's like the real price of a "₱99" item once delivery and service fees are added. Always compare loans by their EIR, not by the rate in the ad.

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QUICK RECAP

Diminishing balance: interest only on what you still owe. Add-on: interest on the full amount for the whole term — "1.5% a month" add-on is really about 2.64% a month. Use the Car Loan Add-On Rate Calculator for add-on quotes. Fees (processing, documentary stamp tax, insurance, penalties, prepayment and service fees) push the real rate higher. Compare loans by the effective interest rate (EIR).

TRY IT NOW

Unmask an add-on rate

1. Compute add-on interest: ₱30,000 × 1.5% × 12 months.
2. Add it to ₱30,000 and divide by 12 to get the monthly payment.
3. Check the true rate with the Car Loan Add-On Rate Calculator.

Key takeaways

- Add-on rates cost more than they look.
- Diminishing balance = interest on what you owe.
- Fees raise the real rate.
- Compare by EIR, not by the ad.

Quiz: 3 quick questions

1. ₱50,000 at 1.5% a month add-on for 12 months. How much interest?

A ₱9,000
B ₱5,008
C ₱750

2. With a diminishing balance, what happens to interest each month?

A It gets smaller
B It gets bigger
C It stays the same

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3. What is the effective interest rate (EIR)?

A The real rate counting interest and fees

B The rate in the ad

C The late penalty

Answers

1. **A. ₱9,000** — ₱50,000 × 1.5% × 12 = ₱9,000.
2. **A. It gets smaller** — You only pay interest on what you still owe.
3. **A. The real rate counting interest and fees** — It lets you compare loans fairly.

PRACTICE TASK

Find one add-on offer

Look for one installment, car loan or "0% interest" ad. Write the price, the monthly payment, the number of months and any fees. Multiply payment × months and compare it to the price. Is it really 0%?

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CHAPTER 6 · LESSON 4

How Much Can You Safely Afford?

A lender may approve you for more than you can comfortably pay. Your budget, not the lender, should decide your payment.

The 20% guideline

Many money guides suggest keeping **all** your loan payments together at or below about **20% of your take-home pay**. Take-home pay is what you actually receive after SSS, PhilHealth, Pag-IBIG and tax are taken out.

Monthly take-home pay	About 20% for all loan payments
₱18,000	₱3,600
₱25,000	₱5,000
₱30,000	₱6,000

A guideline, not a rule. Lower is safer, especially if you support a family.

PICTURE 8 **The affordability check**



Start with your real pay, take out needs, old loans and a safety margin. Only what's left can go to a new loan.

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Never borrow to pay another loan

If you need a new loan to pay an old loan, the debt is growing, not shrinking. Stop, list your debts, and get help. The ToolsKo Debt Avalanche vs Snowball calculator and the Debt-Free Roadmap book can help you plan.

Pay early, save interest

Extra payments go straight to the principal, so future interest shrinks. Example: ₱100,000 at 12% a year for 3 years is ₱3,321 a month. Add just ₱1,000 a month, and you finish in **27 months** instead of 36 and save about **₱5,262** in interest.

Ask about prepayment first

Some loans charge a fee if you pay early. Before you sign, ask: "Can I pay extra or pay in full early? Is there a fee?" Write the answer down.

Keep a cushion

Try to have some emergency savings before taking a loan. If a surprise hits and you have no cushion, you may miss a payment and pay penalties — or borrow again.

QUICK RECAP

A common guideline: keep all loan payments at or below about 20% of take-home pay. Do the affordability check: take-home pay, minus needs, old loans and a safety margin — what's left is the most a new payment can be. Never borrow to pay another loan. Extra payments cut interest: ₱1,000 extra a month on a ₱100,000, 12%, 3-year loan saves about ₱5,262. Ask about prepayment fees, and keep a cushion.

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TRY IT NOW

Your affordability number

1. Write your (or your family's) monthly take-home pay.
2. Multiply it by 0.20.
3. Subtract any loan payments you already have. What's left is your safe limit for a new payment.

Key takeaways

- Your budget decides, not the lender.
- About 20% of take-home pay for all loans.
- Never borrow to pay a loan.
- Extra payments save interest.

Quiz: 3 quick questions

1. Take-home pay is ₱25,000. About how much should all loan payments be, at most?

A ₱5,000
B ₱15,000
C ₱25,000

2. What happens when you pay extra on a diminishing-balance loan?

A You finish sooner and pay less interest
B You pay more interest
C Nothing

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3. You need a new loan to pay an old loan. What does that mean?

A Your debt is growing — stop and get help

B Everything is fine

C You should borrow even more

Answers

1. **A. ₱5,000** — 20% of ₱25,000 = ₱5,000.
2. **A. You finish sooner and pay less interest** — Extra goes to the principal, so future interest shrinks.
3. **A. Your debt is growing — stop and get help** — Borrowing to pay debt is a warning sign.

PRACTICE TASK

The bad-month test

Imagine your income drops by 20% for one month. Using your affordability number, check if you could still pay a loan of ₱3,000 a month. Write what you would cut first.

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CHAPTER 7 · LESSON 5

Compare Lenders and Know Your Rights

Where you borrow matters as much as how much. Some lenders are much cheaper and safer than others.

Common places Filipinos borrow (checked Nov 22, 2026)

Lender	Typical cost	Good to know
SSS salary loan	**8% a year** on the diminishing balance (10% if you had a penalty condonation in the past 5 years)	24 months, 1% service fee; needs posted contributions
Pag-IBIG Multi-Purpose Loan	About **10.5% a year**	Up to 36 months, up to 80% of your regular savings; confirm with Pag-IBIG
Bank personal loan	Varies; often quoted as a monthly add-on rate	Ask for the EIR and all fees
Credit card installment	Add-on of up to **1.5% a month** (BSP cap since Nov 2026)	Revolving balances: up to 3% a month (36% a year)
Lending company or loan app	Small loans up to ₱10,000 and 4 months: max **6% a month** interest, max **12% a month** with fees	Must be registered with the SEC; total cost can't exceed 100% of the loan
"5-6" lender	Borrow ₱5,000, pay ₱6,000 — **20% a month** or more	Not regulated; very expensive

Rates and rules change. Check the official SSS, Pag-IBIG, BSP and SEC websites before you borrow.

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PICTURE 9 **Lender traffic light**



Start here

SSS and Pag-IBIG loans if you qualify; banks and cooperatives with a clear disclosure statement and an EIR you have compared.

Be careful

Credit card installments, add-on rate loans, and SEC-registered lending apps — only after you compute the real rate and total cost.

Stop

Unregistered apps, lenders that take big fees before you get the money, ask for your contacts, threaten or shame, or have no written terms — and 5-6.

Start with the cheapest, most regulated lenders. Slow down for add-on and app loans. Walk away from the red ones.

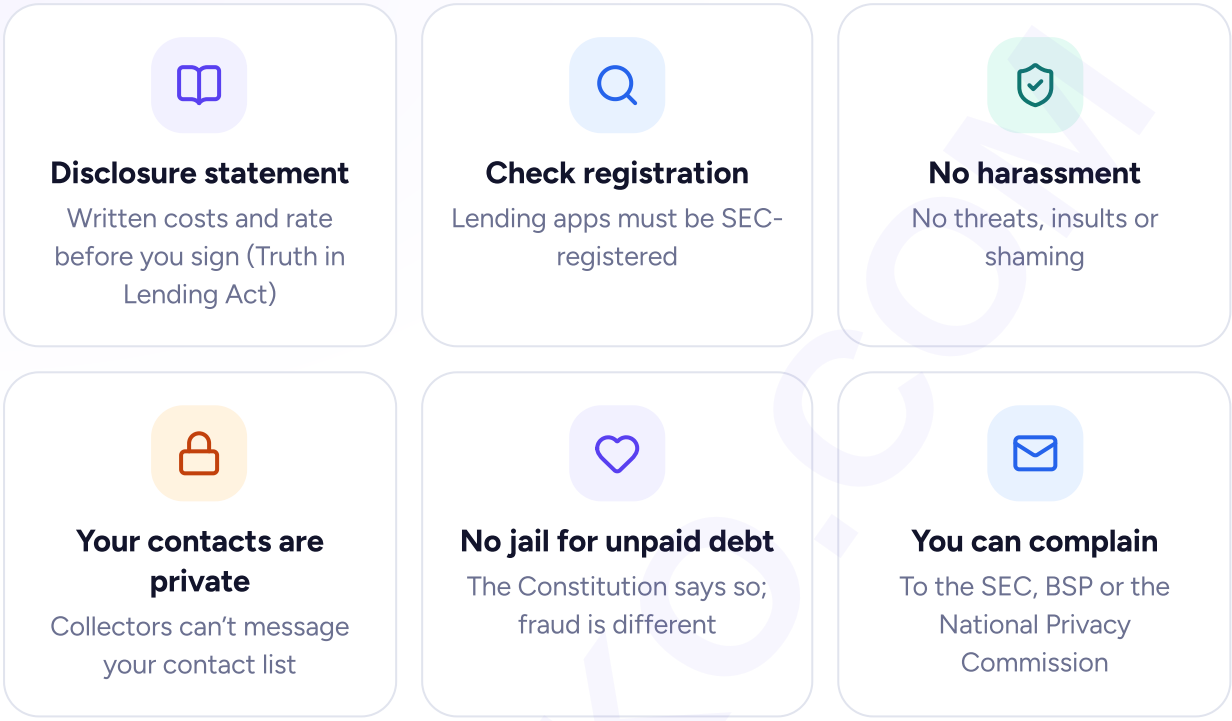
Loan app check: is this fair?

An app offers ₱5,000, but takes ₱1,000 as a "service fee" first. You receive ₱4,000 and must pay ₱5,500 in 30 days. You pay ₱1,500 extra for ₱4,000 — that's **37.5% in one month**. For small loans like this, the SEC caps interest plus fees at 12% a month. This offer is far above the cap.

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Your rights as a borrower

PICTURE 10 **Six borrower rights**



Knowing your rights helps you choose fair lenders and stand up to unfair ones.

New phrase: disclosure statement

A **disclosure statement** is a paper (or screen) that lists the amount you will receive, every charge, the total you will pay and the real rate. The Truth in Lending Act says lenders must give it **before** the loan is completed. It's like seeing the full menu with prices before you order.

Paying is still your duty

Your rights protect you from unfair lenders. They do not erase a fair debt. If you can't pay, talk to the lender early and ask for a new payment plan.

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QUICK RECAP

SSS salary loans (8% a year) and Pag-IBIG Multi-Purpose Loans (about 10.5% a year) are usually the cheapest if you qualify. Credit card installments have an add-on cap of 1.5% a month; revolving balances up to 3% a month. Small app loans are capped at 6% a month interest and 12% a month with fees, and must be SEC-registered. 5-6 costs 20% a month or more. You have the right to a disclosure statement, privacy and fair collection.

TRY IT NOW

Compare two real lenders

1. Find the official loan page of SSS or Pag-IBIG and one bank.
2. Write the rate, term and fees of each.
3. Put the same amount into the calculator for both and compare the total paid.

Key takeaways

- SSS and Pag-IBIG are often cheapest.
- App loans must be SEC-registered.
- Ask for the disclosure statement.
- No harassment, no contact-list shaming.

Quiz: 3 quick questions

1. What is the SSS salary loan rate for members with good records?

A 8% a year
B 8% a month
C 36% a year

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2. An app takes ₱1,000 of a ₱5,000 loan as a fee and wants ₱5,500 in 30 days. What is the real cost?

A 37.5% in one month

B 10% a year

C 0%

3. When must a lender give you the disclosure statement?

A Before the loan is completed

B One year later

C Only if you ask twice

Answers

1. **A. 8% a year** — It's 8% a year on the diminishing balance (10% for some renewals).
2. **A. 37.5% in one month** — You pay ₱1,500 extra on ₱4,000 received.
3. **A. Before the loan is completed** — The Truth in Lending Act requires it before the loan is completed.

PRACTICE TASK

Your lender list

Write three lenders you could use someday: one government (SSS or Pag-IBIG), one bank or cooperative, and one more. For each, write where to check its rate and how to confirm it is registered.

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CHAPTER 8

Your 14-Day Loan Calculator Plan

About 20 minutes a day for two weeks. By day 14, you'll be able to read any loan offer, compute its real cost and compare it with others.

You don't need to be borrowing right now. Practice with ads, family examples or the examples in this book. If you do need a loan, this plan helps you choose calmly.

PICTURE 11 **The 14-day loan plan**



Learn the tool, see what changes the cost, find the real rate, check your budget and lenders, then compare.

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Day	Task (about 20 minutes)	Done?
1	Learn the eight loan words (Chapter 2).	☐
2	Open the Loan Calculator and try the ₱500,000 example.	☐
3	Make your calculation sheet (lender, amount, rate, term, payment, interest, total).	☐
4	Try one amount at terms of 1, 2 and 3 years.	☐
5	Try the same amount at 12%, 18% and 24% a year.	☐
6	Practice changing monthly rates to yearly rates.	☐
7	Unmask one add-on offer with the Car Loan Add-On Rate Calculator.	☐
8	List every fee in one real loan or installment offer.	☐
9	Compute the real cost of a loan with a fee taken out first.	☐
10	Find your affordability number (about 20% of take-home pay, minus old loans).	☐
11	Read the SSS salary loan or Pag-IBIG loan page.	☐
12	Check how to confirm a lending company is SEC-registered.	☐
13	Compare three offers for the same amount on your sheet.	☐
14	Run U-T-A-N-G on the best offer and write your decision.	☐

Bonus exercises

1

Build an amortization table

Make the ₱10,000 table from Lesson 1 in a spreadsheet yourself.

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2 **Check a family loan**

With permission, help a parent compute the real rate of a loan they have.

3 **Test "0% installment"**

Compare the installment total with the cash price, including fees.

4 **Teach someone**

Explain add-on vs diminishing balance to a friend.

Practice now, protect yourself later

The best time to learn loan math is before you need a loan. When an emergency comes, you'll be able to choose fast — and choose well.

QUICK RECAP

Days 1–3: learn the words, open the calculator and make a calculation sheet. Days 4–6: play with rate and term, and change monthly rates to yearly. Days 7–9: unmask add-on rates, list fees and compute the real cost. Days 10–12: find your affordability number and check SSS, Pag-IBIG and SEC registration. Days 13–14: compare three offers and run U-T-A-N-G.

TRY IT NOW

Start today

1. Copy the 14-day table.
2. Do Day 1 now.
3. Set a daily reminder.

Key takeaways

- Learn the tool first.
- See what changes the cost.

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- Find the real rate.
- Compare, then decide.

Quiz: 3 quick questions

1. What do you make on day 3?

A. A calculation sheet to compare loans
B. A loan application
C. A new credit card

2. Which tool do you use on day 7?

A. The Car Loan Add-On Rate Calculator
B. A BMI calculator
C. A word counter

3. What do you run on day 14?

A. The U-T-A-N-G recipe
B. A speed test
C. Nothing

Answers

1. **A. A calculation sheet to compare loans** — Writing results down makes comparing easy.
2. **A. The Car Loan Add-On Rate Calculator** — It shows the true rate of an add-on quote.
3. **A. The U-T-A-N-G recipe** — Five checks before any utang.

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PRACTICE TASK

Complete the 14 days

Follow the plan and tick each box. On day 14, write the best offer you found, its monthly payment, total cost and real rate, and whether it passes your affordability check.

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CHAPTER 9

Common Loan Mistakes (and Easy Fixes)

Most loan problems come from a few common mistakes. Each one has a simple fix.

PICTURE 12 **Rushed borrower vs smart borrower**

RUSHED BORROWER	SMART BORROWER
Signs fast	**Checks first**
✗ Looks only at the monthly payment	✓ Checks the total cost too
✗ Trusts the rate in the ad	✓ Asks for the EIR and all fees
✗ Picks the longest term	✓ Picks the shortest affordable term
✗ Borrows from the first app	✓ Compares three lenders

The difference is two minutes with a calculator and a few good questions.

Now check your habits against this table.

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Mistake	Why it hurts	Easy fix
Looking only at the monthly payment	A small payment can hide a huge total	Always check the total paid
Mixing up monthly and yearly rates	3% a month is 36% a year	Ask; multiply monthly by 12
Trusting an add-on rate	It costs almost twice what it looks	Compute the real rate
Ignoring fees	Fees taken out first raise the real rate	Ask for every fee in writing
Choosing the longest term	You pay interest for years longer	Shortest term you can afford
Borrowing more than you need	You pay interest on money you didn't need	Borrow only the exact amount
Skipping the disclosure statement	Hidden charges surprise you later	Read it before you sign
Using unregistered apps	High costs and harassment	Check SEC registration first
Borrowing to pay another loan	The debt grows	Stop and make a payoff plan
Paying late	Penalties add up fast	Set reminders or auto-debit

The two-minute loan check

Before any loan, take two minutes: type the numbers into the calculator, write the monthly payment and total paid, ask "per month or per year?" and "any fees?", and check your affordability number.

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QUICK RECAP

Common mistakes: looking only at the monthly payment, mixing up monthly and yearly rates, trusting add-on rates, ignoring fees, choosing the longest term, borrowing more than needed, skipping the disclosure statement, using unregistered apps, borrowing to pay loans, and paying late. Each has an easy fix. Do the two-minute loan check every time.

TRY IT NOW

Find your risky habits

1. Tick every mistake you or your family might make.
2. Write the fix for each one you ticked.
3. Share one fix with a family member.

Key takeaways

- Check the total, not just the payment.
- Monthly × 12 = yearly.
- Ask for every fee.
- Two-minute check, every time.

Quiz: 3 quick questions

1. Why is looking only at the monthly payment risky?

A. A small payment can hide a big total
B. Monthly payments are always fair
C. It isn't risky

2. What should you do before using a lending app?

A. Check that it is SEC-registered
B. Give it all your contacts
C. Borrow the maximum

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3. Why borrow only the exact amount you need?

A You pay interest on every peso you borrow

B Lenders require it

C It doesn't matter

Answers

1. **A. A small payment can hide a big total** — A long term makes payments small but totals big.
2. **A. Check that it is SEC-registered** — Registered lenders must follow the SEC's caps and collection rules.
3. **A. You pay interest on every peso you borrow** — Extra borrowing means extra interest.

PRACTICE TASK

Your borrowing rules

Write 5 personal borrowing rules (for example, "Total cost first", "Ask per month or per year", "No unregistered apps", "Shortest term I can afford", "No loans to pay loans"). Keep them with your calculation sheet.

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CHAPTER 10

Real-Life Examples: Doing the Math First

These five example stories are based on common Filipino situations (names are made up). Look for the habits, not the amounts.

L

Liza, 26
Public school teacher, Batangas

THE PROBLEM

Wanted a ₱30,000 phone on a 12-month credit card installment at 1.5% a month add-on.

WHAT LIZA TYPED

```
Computed ₱30,000 × 1.5% × 12 = ₱5,400 in add-on interest, or
₱2,950 a month.
```

THE RESULT

Decided to save ₱7,500 a month for 4 months and buy it in cash, keeping the ₱5,400.

Lesson: Seeing the total cost turns “easy monthly” into a clear choice.

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R

Ramon, 34
Tricycle driver, Laguna

THE PROBLEM

Needed ₱20,000 for engine repair. A loan app offered fast cash with big fees.

WHAT RAMON TYPED

```
Checked his SSS contributions and applied for a salary loan
instead. The calculator showed about ₱905 a month for 24 months at
8% a year.
```

THE RESULT

Paid about ₱1,709 in interest plus a ₱200 service fee — far less than the app would have cost.

Lesson: Government loans are often the cheapest if you qualify.

G

Grace, 41
Wife of an OFW, Pangasinan

THE PROBLEM

A dealer quoted a ₱500,000 car loan at “only 10% a year” add-on for 5 years.

WHAT GRACE TYPED

```
Used the Car Loan Add-On Rate Calculator: ₱12,500 a month, a true
rate of about 17.27% a year.
```

THE RESULT

Asked two banks for their EIR, chose a bigger down payment and a shorter term, and paid less interest.

Lesson: Change every add-on quote into a real rate before you compare.

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J

Jun, 19
College student, Davao

THE PROBLEM

A friend shared an app offering ₱5,000 with a ₱1,000 fee upfront and ₱5,500 due in 30 days.

WHAT JUN TYPED

```
Computed the real cost: ₱1,500 extra on ₱4,000 received — 37.5% in
one month. Searched the SEC list and found no registration.
```

THE RESULT

Didn't borrow, told his friend, and asked his parents for a short-term payment plan for his school fee instead.

Lesson: Two minutes of math can stop a very expensive mistake.

M

Mylene, 30
Online seller, Iloilo

THE PROBLEM

Had a ₱100,000 bank loan at 12% a year for 3 years, paying ₱3,321 a month.

WHAT MYLENE TYPED

```
Asked the bank about prepayment fees (none), then added ₱1,000 to
every payment.
```

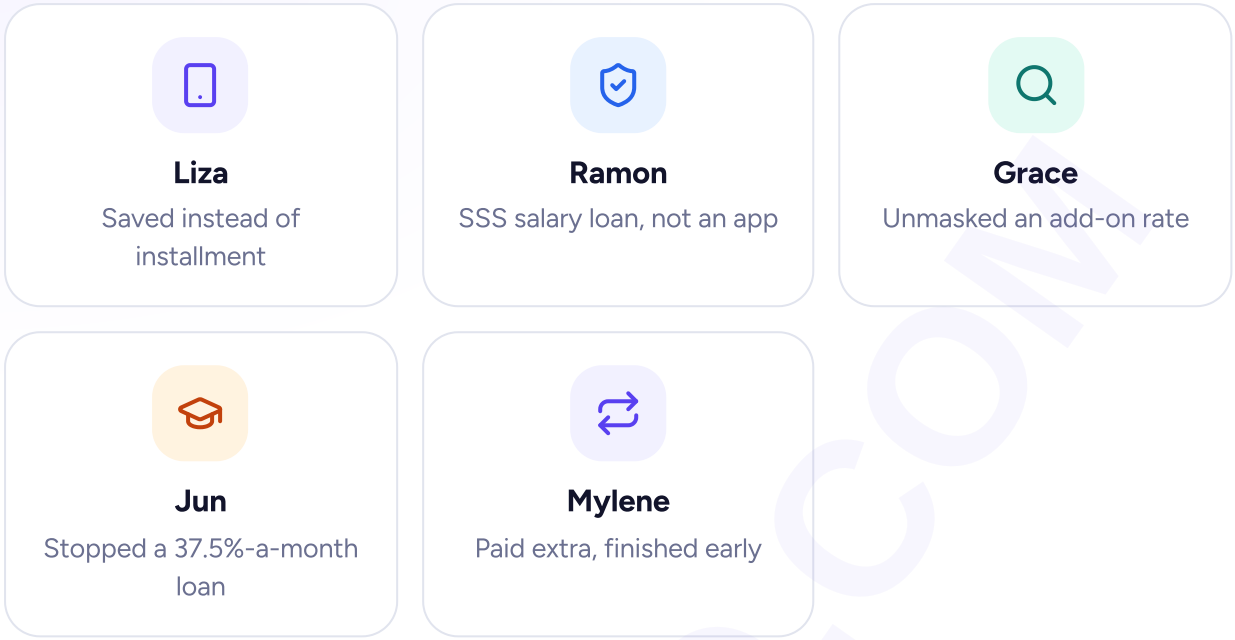
THE RESULT

Finished in 27 months instead of 36 and saved about ₱5,262 in interest.

Lesson: Small extra payments save real money.

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PICTURE 13 **Five smart borrowing moves**



Different lives, same habit: do the math first, compare, and choose the cheapest safe option.

What these stories have in common

They did the math before signing, looked at the total cost, changed add-on and fee-heavy offers into real rates, checked cheaper and registered lenders, and paid extra when they could. None of them had special skills — just a calculator and a few good questions.

QUICK RECAP

Liza saw a ₱5,400 add-on cost and saved instead; Ramon chose an SSS salary loan over an app; Grace unmasked a 10% add-on rate as about 17.27% a year; Jun found a 37.5%-a-month app offer and walked away; Mylene paid ₱1,000 extra and finished 9 months early.

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TRY IT NOW

Your first step

1. Pick the story most like your situation.
2. Copy one habit from it this week.
3. Write how it went after 7 days.

Key takeaways

- Do the math before signing.
- Compare real rates.
- Cheaper, registered lenders first.
- Extra payments help.

Quiz: 3 quick questions

1. Why did Ramon choose the SSS salary loan?

A It was much cheaper than the app
B It had the biggest fees
C It needed no contributions

2. What did Grace find about the "10% a year" add-on quote?

A The true rate was about 17.27% a year
B It was really 0%
C It was cheaper than SSS

3. What did Mylene ask before paying extra?

A If there was a prepayment fee
B If she could skip payments
C Nothing

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Answers

1. **A. It was much cheaper than the app** — 8% a year on the diminishing balance is far cheaper than a fee-heavy app.
2. **A. The true rate was about 17.27% a year** — Add-on rates charge interest on the full amount for the whole term.
3. **A. If there was a prepayment fee** — Some loans charge for paying early.

PRACTICE TASK

Your loan story card

Write your own story card: a loan you (or your family) might need, the three offers you would compare, the monthly payment and total cost of each, and the one you would choose and why.

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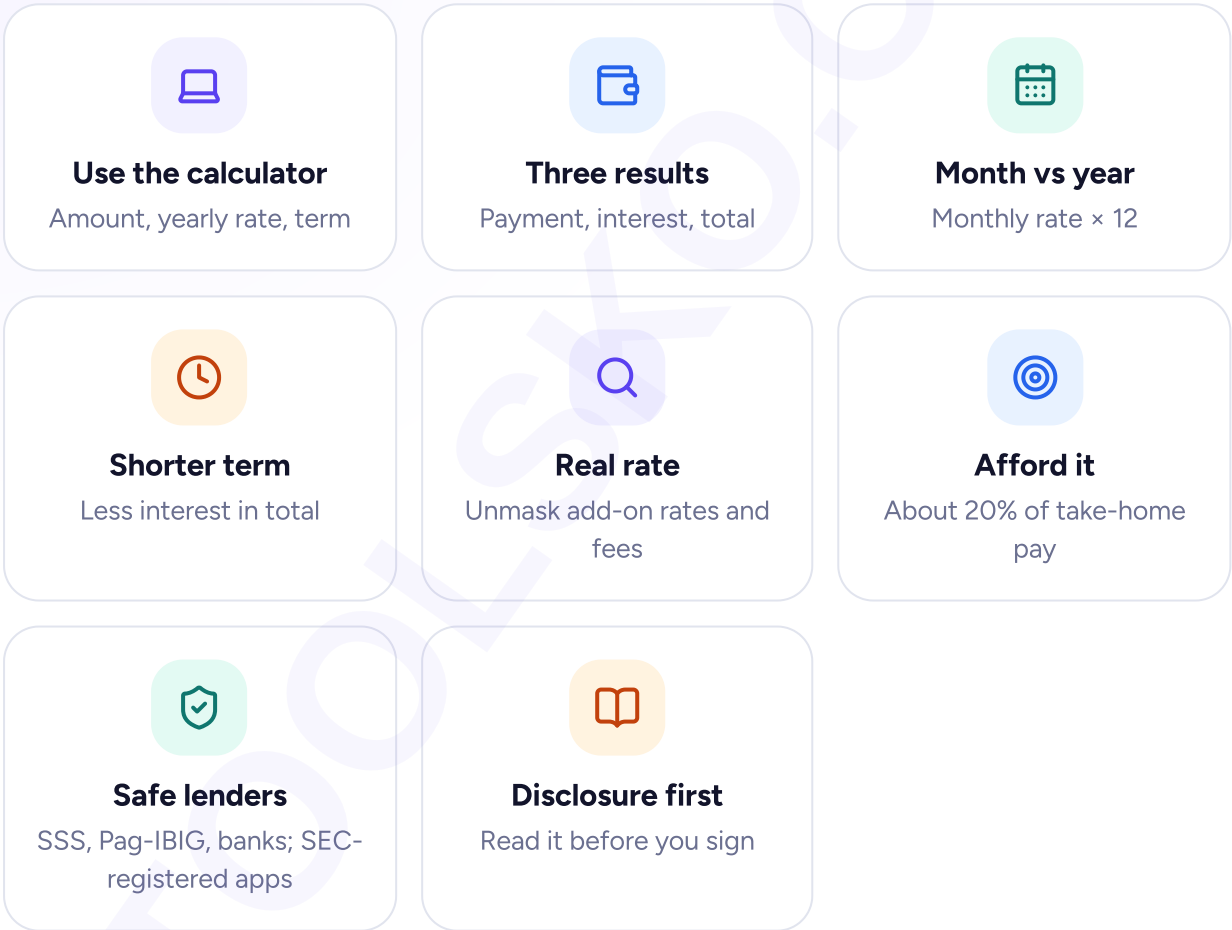
THE END

Quick Summary

Everything important, on one page.

The whole book on one page. Keep it with your calculation sheet.

PICTURE 14 **Cheat sheet: loans in 8 cards**



Eight habits that help you borrow only what you can afford, at the lowest real cost.

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Remember	In one line
The big rule	Know the full cost before you borrow: monthly payment, total paid and real rate.
Recipe	U-T-A-N-G: Understand the real rate, Total cost first, Afford it, Never sign without the disclosure statement, Go compare three offers.
Rate and term	Longer term = smaller payment but bigger total; higher rate = everything bigger.
Real rate	Add-on rates and fees make loans cost more than the ad says; compare by EIR.
Afford it	Keep all loan payments at or below about 20% of take-home pay; never borrow to pay a loan.
Lenders	SSS salary loan 8% a year; Pag-IBIG MPL about 10.5%; card installments up to 1.5% a month add-on; small app loans max 6% a month interest, 12% with fees.
Always	Read the disclosure statement, check SEC registration, and pay on time.

You can read any loan now

You know the loan words, how to use a calculator, what changes the cost, how to find the real rate, how much you can afford, and how to compare lenders safely. Do the two-minute loan check before every utang.

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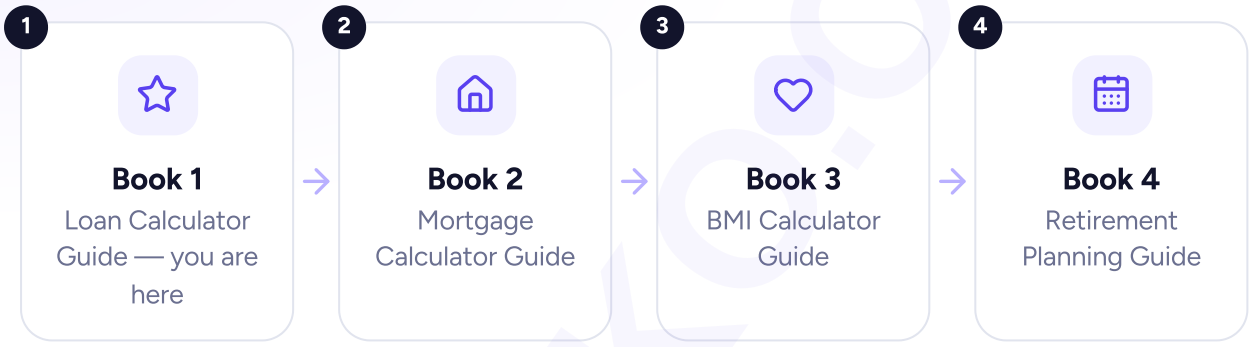
WHAT'S NEXT

Your Next Learning Path

You finished Book 1. Here is where to go from here.

This is **Book 1** of the **Online Calculator Guides** series. Here is your path:

PICTURE 15 **Your Online Calculator Guides path**



Loans first, then home loans, a simple health check, and planning for retirement.

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What to do next

Next step	Why
Finish the 14-day plan	You'll be able to compare any loan offer with confidence.
Read Book 2	Mortgage Calculator Guide: down payment, term, rate and what home you can afford.
Read Book 3	BMI Calculator Guide: what BMI can and can't tell you, as one simple health check.
Read Book 4	Retirement Planning Guide: estimate what you'll need, what SSS gives, and how to close the gap.
Build your money base	The Personal Finance series (Budgeting, Saving, Emergency Fund, Debt-Free Roadmap) helps you borrow less and pay off faster.

One last tip

The cheapest loan is the one you don't need. A small emergency fund lets you say "no" to expensive offers. Save a little every payday, and use loans only when the math says yes.

Free ToolsKo tools for this book

Put what you learned to work. These tools are free on toolsko.com, need no sign-up, and most work right in your browser.

Loan Calculator
See the monthly payment, total interest and total paid of any loan.
toolsko.com/loan-calculator ↗

Car Loan Add-On Rate Calculator
Turn an add-on quote into a monthly payment and the true yearly rate.
toolsko.com/car-loan-add-on-rate-calculator ↗

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APR ↔ Monthly Rate Converter
Change monthly rates to yearly rates and back.
toolsko.com/apr-monthly-rate-converter

SSS Salary Loan Calculator 2026
Estimate how much you can borrow from SSS and the monthly payment.
toolsko.com/sss-salary-loan-calculator

Pag-IBIG Housing Loan Calculator 2026
Preview a home loan payment before Book 2.
toolsko.com/pag-ibig-housing-loan-calculator

Simple Interest Calculator
Check add-on style interest: amount × rate × time.
toolsko.com/simple-interest-calculator

Compound Interest Calculator
See how unpaid interest can grow over time.
toolsko.com/compound-interest-calculator

Credit Card Payoff Calculator
See how long a card balance takes to pay off at 3% a month.
toolsko.com/credit-card-payoff-calculator

Credit Card Debt Avalanche vs Snowball
Plan which debt to pay first if you have more than one.
toolsko.com/debt-avalanche-snowball-calculator

Percentage Calculator
Find 20% of your take-home pay and compute fees.
toolsko.com/percentage-calculator

Savings Goal Calculator
See how fast you could save for something instead of borrowing.
toolsko.com/savings-goal-calculator

Words to know

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Loan	Money you borrow now and pay back later, usually with interest.
Loan calculator	A tool that shows the monthly payment, total interest and total paid.
Principal	The amount you borrow.
Interest	The extra money you pay for borrowing.
Interest rate	Interest as a percent, per month or per year.
Term	How long you will pay the loan.
Amortization	Paying a loan in equal monthly payments that cover interest and principal.
Amortization schedule	A table showing each payment split into interest and principal.
Net proceeds	The money you actually receive after fees are taken out.
Diminishing balance	Interest computed only on what you still owe.
Add-on rate	Interest computed on the full amount for the whole term, added on top.
Effective interest rate (EIR)	The real rate after interest and fees are counted together.
Total cost of credit	Everything you pay on top of what you borrowed: interest plus fees.
Prepayment	Paying extra or paying the loan off early.
Disclosure statement	The written list of the loan's costs and real rate, given before you sign.

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Truth in Lending Act	The law (RA 3765) that requires lenders to disclose the full cost of credit.

Where the facts come from

1. BSP Circular 1242 (2026): 3% monthly credit card cap kept, installment add-on cap 1.5% (PhilSTAR Life, Nov 12, 2026)
2. BSP raises credit card installment rate ceiling to 1.5% (Daily Tribune, Nov 12, 2026)
3. SEC caps interest at 6% a month on loans up to ₱10,000 (Inquirer, Dec 11, 2025)
4. SEC caps effective rates on small loans at 12% a month; total cost cap 100% (Manila Bulletin, Dec 11, 2025)
5. SSS Salary Loan: 8% a year on the diminishing balance, 24 months, 1% service fee (SSS)
6. SSS cuts salary loan rate from 10% to 8% (ABS-CBN, May 2, 2025)
7. Pag-IBIG Multi-Purpose Loan 2026: 10.5% a year, up to 36 months (PhilNews guide)
8. Truth in Lending Act, Republic Act No. 3765 (full text, SEC)
9. How to request a loan disclosure statement in the Philippines (Respicio & Co., June 2026)
10. SEC MC 18 (2019): Prohibition on unfair debt collection practices (ADB Legal Portal summary)

Interest caps, loan rates and rules were checked on November 22, 2026. Rates and rules change, and every lender has its own terms — always read the disclosure statement and check with the BSP, the SEC, SSS, Pag-IBIG or your lender before you borrow. Calculator results are estimates. All names and peso amounts in the examples are made up. ToolsKo is not connected to any bank, lender, app or government agency named in this book, and does not recommend any specific loan. This book is general information, not financial or legal advice. Written by ToolsKo Learn · toolsko.com/learn

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