

**Best investments
to boost your
retirement**

Investments for retirement

- SSS - maximum contribution
- Pag-IBIG MP2
- Rental property
- Cooperative time deposit

Investments for retirement

- Rural bank time deposit
- Government bonds
- Cooperative share capital
- Money market funds
- Bond funds

Investments for retirement

- SSS WISP+
- Personal Equity Retirement Account
- Company retirement benefits
- Real Estate Investment Trusts

Retirement negative list

- Variable Universal Life
- Stock market
- Equity and balanced fund of mutual funds and UITFs
- Cryptocurrencies and NFTs

SSS: Foundation for retirement



SOCIAL SECURITY SYSTEM

**Ang SSS ang nagbibigay ng
universal and equitable **social**
protection sa lahat ng mga Pilipino.**

**Sapat ba ang SSS
for retirement?**

Sapat ba ang SSS for retirement?

- Hindi → Estimate = will cover only 30%-40% of your basic expenses
- BUT is a crucial foundation for retirement of ALL Filipinos
- Augment with socially responsible investments

**Mga dapat gawin
para tumaa ang
SSS pension**

SSS hacks

- Pay maximum contribution especially in the last 5 years before retirement to get high AMSC
- Pay the most number of years
- Do not miss monthly contributions
- Pay your SSS loans

SSS hacks - loans

- Huwag mangutang sa SSS
- Bayaran ang utang sa SSS before retirement
- Huwag hayaang magpast due to avoid penalties

Paano susulitin ang SSS?

- Get pension at 60 years old
- Live long to enjoy pension longer
- Health is wealth – take care of yourself – physical, mental and spiritual
- Employer share

Ang SSS...

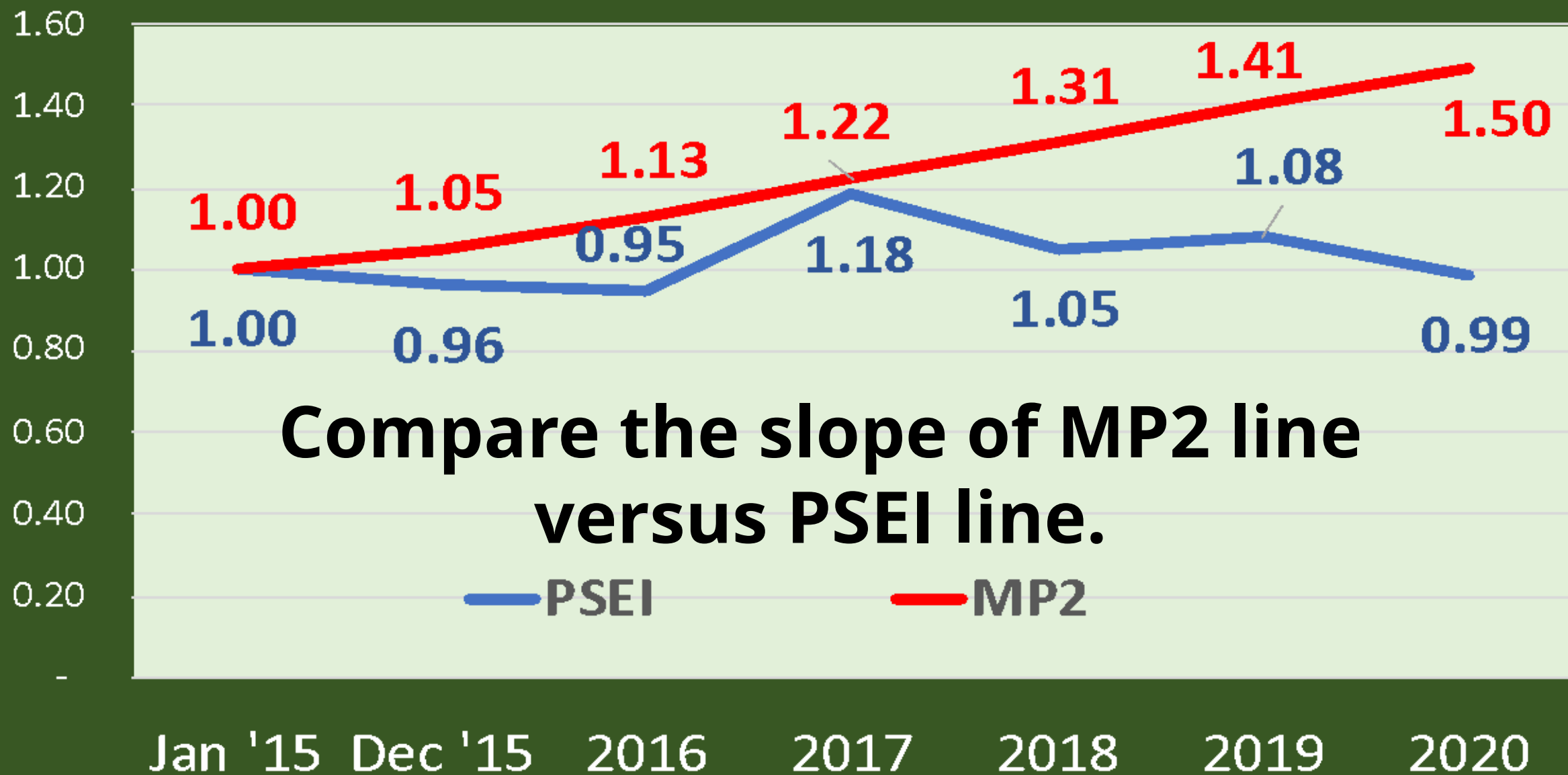
- Magandang pundasyon para sa retirement
- Tulungan para maayos ang retirement ng bawat Filipino
- Kulang kaya dapat dagdagan ng socially responsible investments

Pag-IBIG MP2

Pag-IBIG MP2

- Modified Pag-IBIG Savings 2
- Tax-free
- 100% government guaranteed
- Long term savings – 5 years
- Low-risk investments

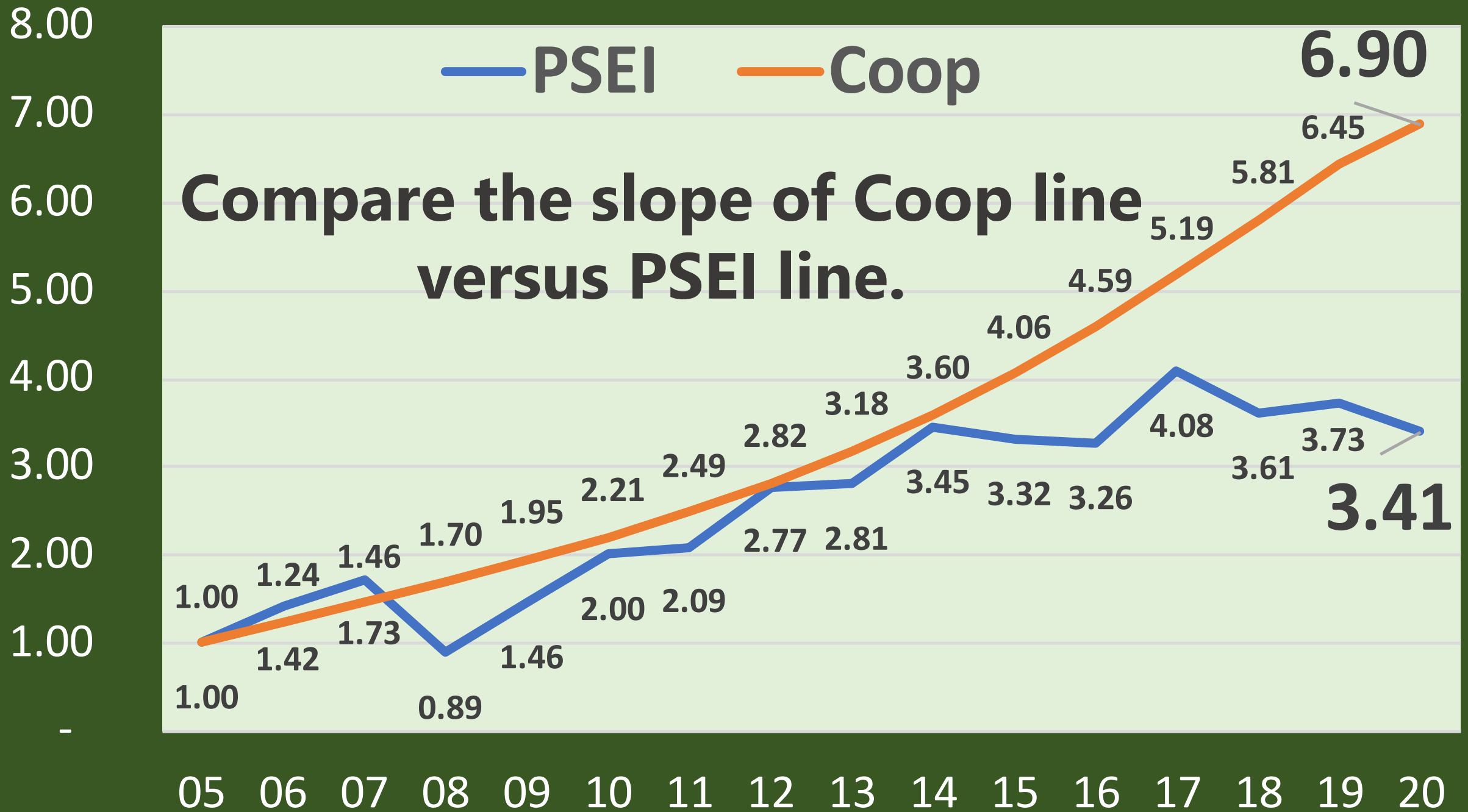
PSEI vs MP2 2015-2020



**Coop time deposit
and share capital**

— PSEI — Coop

Compare the slope of Coop line versus PSEI line.



Coop share capital

- Undergo pre-membership seminar
- Fulfill duties as a member –
damayan, membership fee
- Voting right in the general assembly
- Residency requirement

Coop share pros and cons

Advantages

- Start with low amount
- Many strong coops in PH
- Constant share capital price

Disadvantages

- Many coops are high-risk
- End membership to withdraw capital
- Long application process

Coop TD pros and cons

Advantages

- High interest rate
- Tax-free
- Reduce temptation to withdraw

Disadvantages

- No PDIC
- Limited online presence
- Mostly over the counter transactions

Coop investing rules

- 10 years
- Own headquarters
- >80 COOP-PESOS score

Rural bank time deposit

Rural bank time deposit

- **Secure:** with PDIC up to 500K
- **Encashable:** Withdrawable anytime
- **X-factor:** Supports local economic development
- **Yield:** High interest

Rural bank guidelines:

- Para secure – up to PhP500K lang ang ilagay
- 5 years plus one day ang time deposit term para tax-free
- Open a settlement account para makuha ang monthly or quarterly interest
- At least 3.0 CAMELS rating

Government bonds

PH Retail treasury bonds

- **Secure:** full-guarantee of gov't
- **Encashable:** Trade in secondary market
- **X-factor:** Supports gov't projects (hopefully no corruption)
- **Yield:** High interest

For investors who want to...

- protect the value of their capital
- have guaranteed income compared to other types of investment
- have liquidity
- higher return compared to deposits

Personal Equity Retirement Account

PERA

- Financial instrument for retirement = RA 9505 in 2008
- Voluntary
- **Maari ma-withdraw ang investment kapag na sa edad na 55 at may at least 5 years contribution**

PERA

- Maximum contribution of PhP100,000 per calendar year; and PhP200,000 for OFWs
- Tax benefits tulad ng **tax-free investment income** at **tax credit certificate**

Tax Benefits

- Tax exemptions on investment income
 - 20% withholding tax – bank deposits, deposit substitutes and trust funds
 - 10% capital gains
 - 10% dividend tax
 - Regular income tax on PERA products
- 5% income tax credit to pay for income tax liabilities

PERA pros and cons

- Used to augment SSS pension
- Tax benefits are good
- Contribution is too small
- Charges and fees may eat up principal

Rental property

Rental pros and cons

Advantages

- Steady cashflow
- Inflation hedge

Disadvantages

- Capital intensive
- Not liquid
- High barrier to entry – location and construction

Rental property rules

- Return on investment is 8 years
- Monthly income is greater than monthly amortization within one year
- Get property insurance

Company retirement benefits

Companies w/ ≥ 10 employees

- RA 7641
 - 60 optional; 65 compulsory
 - Served at least 5 years
- Retirement benefit:
 - $\frac{1}{2}$ month of salary per year of service
 - 15 days of work
 - $\frac{1}{12}$ th of 13th month
 - 5 days service incentive leaves

**Ang pagyaman,
napag-aaralan at
napagtutulungan!**