

OFW Guide

in

INVESTING

for **NEWBIES**



RICHARD MACALINTAL
www.RichardMacalintal.com

OFW Guide to Investing for Newbies

Copyright © 2013 by Richard Macalintal

All rights reserved. This book can be distributed and shared to anyone as long as you will not alter anything inside or change the links I have created.

Disclaimer

Investing is risky, that is why you need to do your part in learning all the ins and outs of investment before doing it. As author of this book, I assume no responsibility in the event that you incur substantial losses in your investments.

While I ensure that this book contains the most accurate data as much as possible, human error cannot be disregarded. For that, do your research also to make sure that the guides I have posted are still valid and accurate. I assume no responsibility in case some of the guides written on this book are already obsolete and inaccurate. However, I will do my very best to keep updating this guide.

All readers of this guide should ask assistance to those people who are into investing for additional guides and learning's. This book is written as a guide only to give you a brief introduction about investing in the Philippines mostly for OFW's.

All I want is to help more Filipino workers abroad to start investing for their. And for that, I am committed to guide and help you along the way.

Why do we need to invest?

As an OFW for nearly 9 years now, I know we are all working hard for our family in the Philippines. Most of them are relying on our remittances to survive.



However, as years goes by, we are still doing the same thing. Working hard, earning money, sending remittances to Philippines, thus it's an endless cycle. We are trapped in a rat race, without any way of getting out. Or I'd rather say, without the knowledge on how to get out of it.

"Instead of working hard for money, let your money work harder for you thru investments."

The good news is, there are ways to stop this cycle. Yes, an ordinary OFW like you and me can go back in the Philippines and retire rich with the money that we have. That is thru **INVESTMENT**.

Investment is a way of making your money grow thru leveraging on various means of investment. Don't worry; the term investment is not that hard to understand. Just familiarize and be comfortable using it.

With our current practice of working hard for money, isn't it great to have money work for us? Imagine yourself at age 50, retired and without the need to go to work. Instead, you can get your income from your investment to offset your daily expenses.

"You can retire young and retire rich if you start investing at early age."

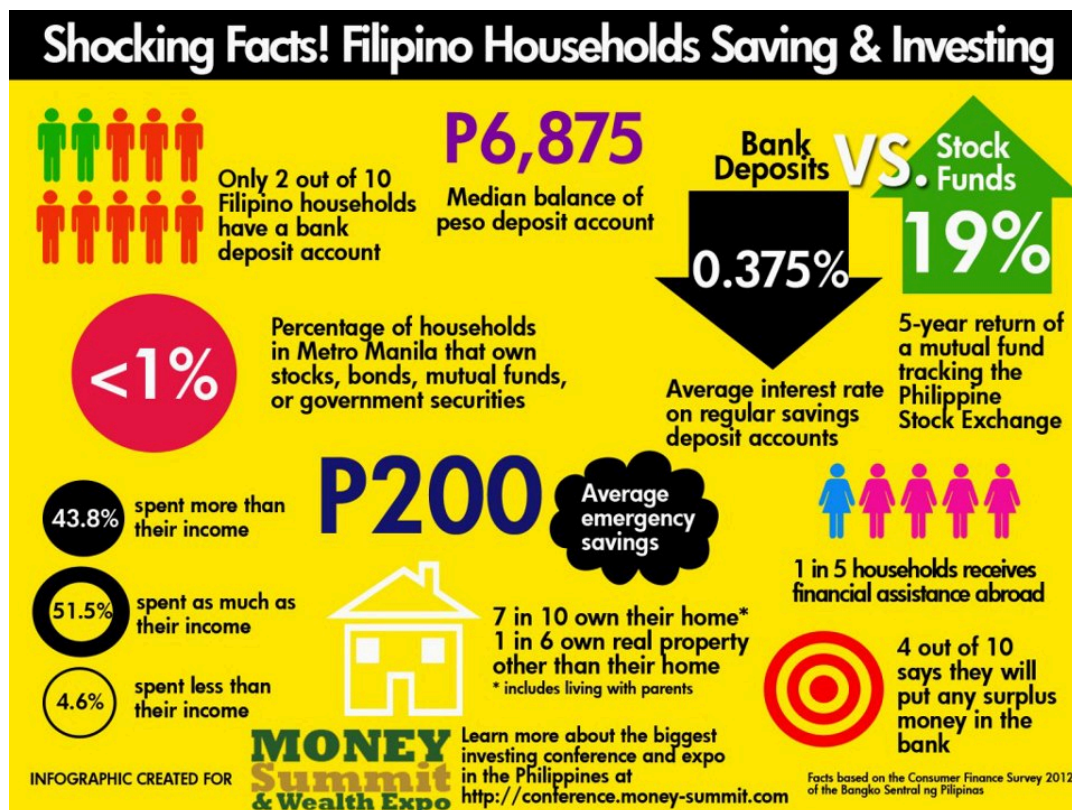


Investment is the most practical solution that any OFW can get into it with a very high chance of success.

However, without the proper knowledge, most people are becoming a victim of scams – opportunists pretending to be an investment scheme. Unfortunately in the end their hard earned money are gone.

Savers are losers

8 out of 10 Filipinos don't have bank account. With our current economic condition, I assume most don't have savings at all. But for the remaining 20% of the population, most are relying on banks with regards to handling their money.



In the Philippines, our current leading banks are offering an average of 0.30% annual growth of your money. Addition to that is the withholding tax of 20% deducted on your gains. Do you know how much your money earn in a year?



If you open a Savings Account and put Php 100K. After a year you will now have Php 100, 240. Does this amount excite you?

Are you happy with that amount of money you have after a year? Don't be, because it is not worth it. There's what we called **INFLATION**.



***Inflation decreases
the value of your
money overtime.***

Inflation is a rise in the general level of prices of goods and services in an economy over a period of time. It means that if you have P100 pesos 5 years ago, its value today is not Php100 pesos anymore.

At present, our Philippine inflation rate is around 4% per annum. In order to beat inflation and avoid losing the value of your money, you need to put it in a place where it can generate growth that beats the inflation.

***25 years ago, minimum
fare in jeepney is around
0.50 cents only. Now, it
grew up to Php 8.***



Now, since your savings account in the bank earns only 0.30% interest rate annually, do you think it is the best place for your money? Is that a good deal to you?

Define Your Goal

Why do you want to invest? It is important to clearly define your goal you will set yourself to accomplish. In my case, I am saving for my family's sake. I want to retire young and spend more quality time with them. I don't want to be an OFW anymore. I don't want to work hard for money; I want my money work hard for me instead.

From Saver to Investor

Before you can invest, there are things you need to consider first. I call this as prerequisites to investment as failure to do so might result to losing your investment in the process.

- 1. Emergency Fund.** Have at least 6 months to 1 year of monthly expenses.
- 2. Health Insurance.** Protect your investment by protecting yourself.
- 3. Excess Money.** Do not borrow money for investment. Invest your own money.

Investment Opportunities for OFWs

Health Insurance. Perhaps you are not aware; health insurance is also an investment.



You are putting a small amount as your contribution so that in the event you got sick and hospitalized, you can get money from the insurance to finance your hospital bills and medicine expenses. Some insurance nowadays are also mixed with investment. These are called VUL or Variable Universal Life Insurance. Depending on the company, insurance packages vary in terms of price, benefits, term and other things. Insurance agent can best discuss this to you.

Investing in Mutual Funds. This is the most basic way of investing. All the investors' money is put together in a pool of fund, managed by the fund manager who invests the money on their behalf. You don't need to know more about investing, all you have to do is put your money in the fund.

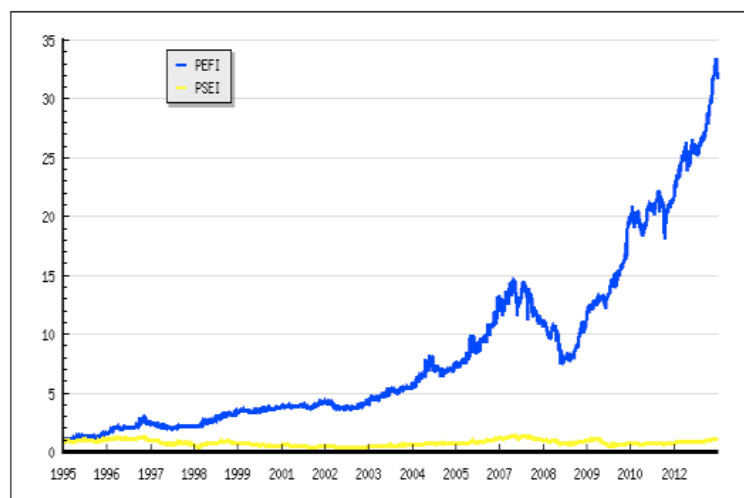
In Philippines, the top 3 mutual funds companies are: Philequity, FAMI and PAMI.



Each of them are offering various funds for anyone to invest. Depending on the risk appetite, you can select the funds the best suits you.

Let's take for example the various funds the **PHILEQUITY** is offering.

Philequity Fund Inc. If you invest on this fund, your money will be invested in the top performing stocks in the market. Risk is high as the market is volatile, but the growth is also high.

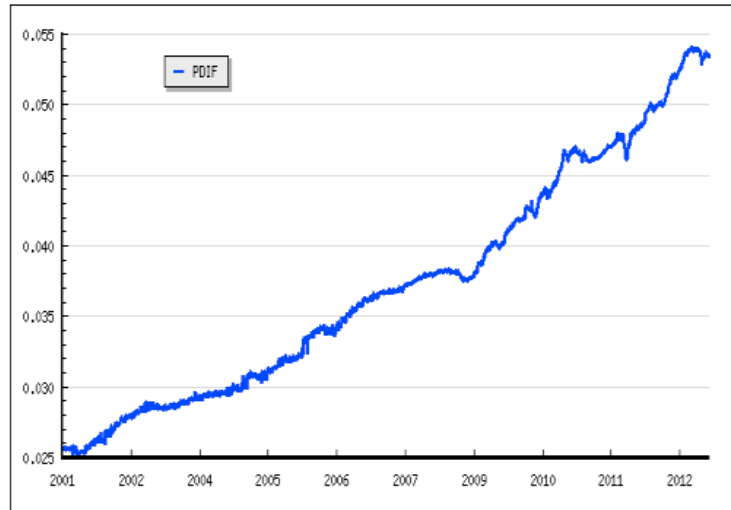


Compounded Annual Growth Rate (CAGR, %) as of March 22, 2013

10 years	23.54
5 years	24.12
3 years	33.29

Philequity Dollar Income Fund

Inc. If you invest on this fund, your money will be invested in various dollar-denominated government and corporate bonds. Risk is moderate, as well as the growth.

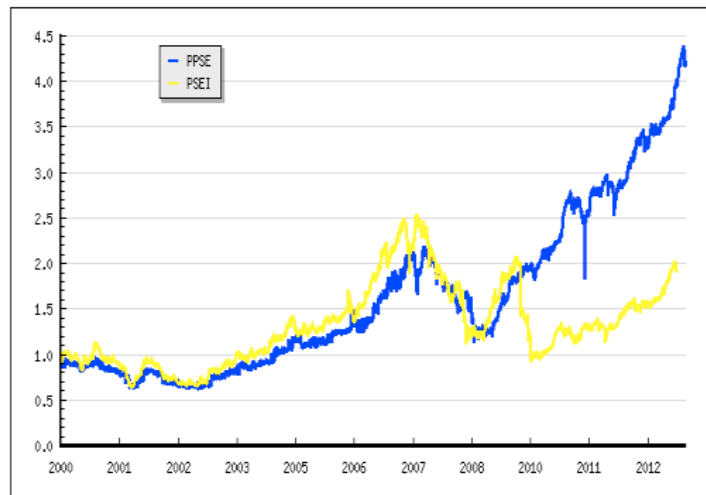


Compounded Annual Growth Rate (CAGR, %) as of March 22, 2013

10 years	6.54
5 years	7.07
3 years	7.09

Philequity PSE Index Fund, Inc.

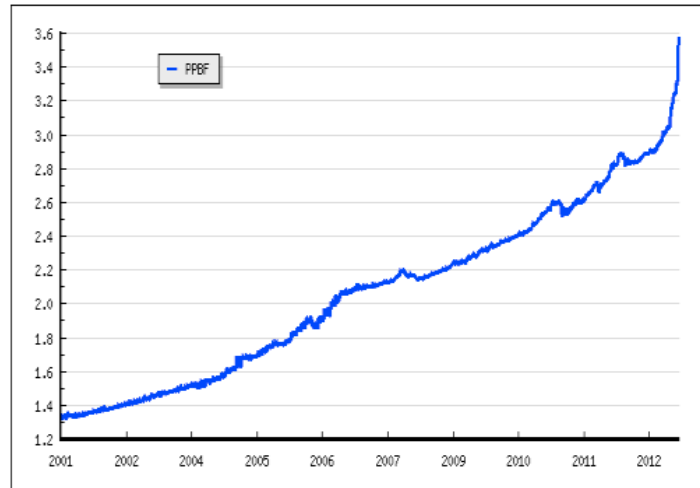
If you invest on this fund, your money will be invested in stocks that PSE are investing. Growth is similar to the growth of our current Philippines stock market.



Compounded Annual Growth Rate (CAGR, %) as of March 22, 2013

10 years	20.73
5 years	19.75
3 years	28.2

Philequity Peso Bond Fund, Inc. If you invest on this fund, your money will be invested in a portfolio of fixed income securities through Philequity Peso Bond Fund, Inc. and complement your existing investments in Philequity Fund or Philequity PSE Index Fund.



Compounded Annual Growth Rate (CAGR, %) as of March 22, 2013	
10 years	9.59
5 years	10.43
3 years	14.01

When you invest in mutual funds, take note of the SALES LOAD and EXIT FEE. Sales load is the commission deducted from your money by the fund manager. This varies between 1% to 4%. Exit fee on the other hand is the fee you have to pay if you withdraw your fund less than the required minimum investment time. This is usually around 1% and the minimum time is 1 year.

You can always withdraw your fund anytime, though it is advisable to keep your money invested for at least 5 years or more to get the best leverage of the compound interest.

Growth of your funds can be monitored online on their respective websites. OFWs can open mutual fund account while abroad.

To open an account, fill up the application form that can be downloaded from their website. For Philequity, they need a copy of 2 Philippine ID's and 1 copy of your working pass from respective country where you are working. Deposit the initial investment money to the bank account listed on their website. Scan all the application forms, documents and bank receipt then email to them. Lastly, you need to send all these documents to their mailing address. Your account opening will only commence once they receive the original forms. For Philequity, they will email you your Certificate of

Receipt (COR) to inform you that of your account. For other mutual fund company, they will mail you the receipt.

For succeeding investment, you just need to deposit the money to their bank account. Fill up the investment application and specify that you already have account. Scan the form plus the bank receipt then email to the mutual fund company. If they require the original forms for the succeeding investment, then you have to send it to them.

Each investment you made, they will send you COR. Take care of this as you will need it to claim your investment in the future.

For more detailed guide on how to open an account, [CLICK HERE](#).

***Note: There is no guarantee that the past earnings of these mutual funds will be repeated in future. They can even surpass it or earn lower than it in future. That's the risk involve. But for reference, you can check their previous records and performance.*

Investing in Stocks. Big companies that are publicly listed are allowing public to buy their shares or stocks. In return, each person who has at least 1 share of the company stock is called a share holder. In short, you own part of the company. Stock Market is the place where you can buy and sell these shares. In the Philippines, this happens in PSE (Philippine Stocks Exchange)



Buying and selling stocks is risky as the market can go up and down. It is important to invest in knowledge first before diving in this type of investment. Join the Truly Rich Club of Bo Sanchez to learn more and receive stocks update from him regularly.

There are 2 ways on how to earn from stocks: price appreciation and dividends. As the company grows, the value of their shares also grows. If you

buy a share of a company at Php 1 last year and the current value now is Php 1.50, then you already earned .50 cents on your share. As for the dividend, most companies are sharing their profit to the shareholders in terms of cash or stocks. For example, Metrobank recently gave a dividend of Php 1 peso per share on their shareholders.

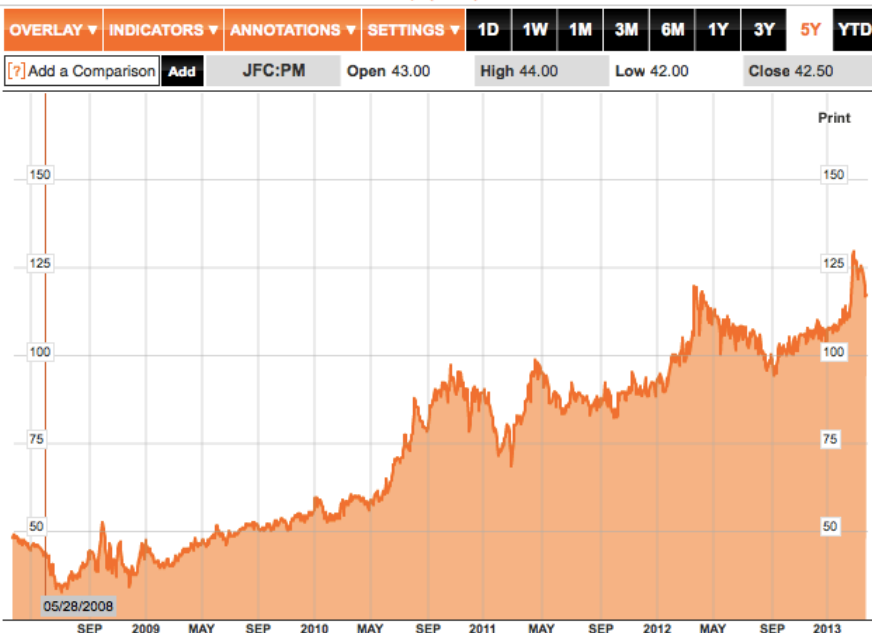
To know more about on opening account to invest in stocks, [CLICK HERE](#).

Invest only in stocks that you are comfortable with. Think of those companies in the Philippines that you think will be there in the next 10 to 20 years. I suggest you invest for long term on these companies. Your only risk is if these companies go bankrupt. That is why it is important to invest only on big companies.

10 years from now, do you think Jollibee will still be around? What about SM? PLDT? Globe? Metrobank? Ayala?

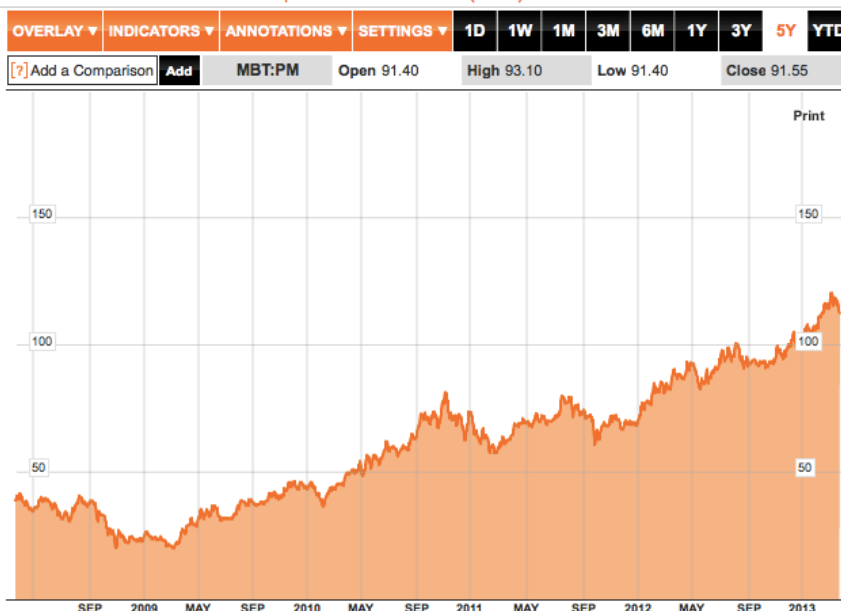
Take a look at below graph for the price of their shares.

Interactive Stock Chart for Jollibee Foods Corp (JFC)



In June 2008, price per share of Jollibee is Php 34. Now, it's around Php 120. That's 252% increase in your investment within 5 years.

Interactive Stock Chart for Metropolitan Bank & Trust (MBT)



In October 2008, price per share of Metrobank is Php 23. Now, it's around Php 115. That's 400% increase in your investment within 5 years.

Again, investing in stocks is risky. Consider joining the [Truly Rich Club](#) first to guide on you on your investment.

OFW's can open stocks trading account while abroad. Citisec Online is the only online broker which accepts opening account without physical appearance.

Visit www.colfinancial.com and download the forms. They need 2 Philippine ID's and 1 billing statement where your name and address is listed. It could be a bank statement, utility bill or anything. Fill up the form and photocopy your requirements. Lastly, you need to send it to their mailing address. Your account will be created once they receive these original documents. Registration is free, you don't need to send fund right away.

Once they receive your documents, they will create account for you and send thru email your account number. In the email, they will specify where you can fund your account. If you are abroad, you just need to deposit the money on the bank account they will specify on the email. For funding, they also support online bank transfer for BDO and BPI bank account. Under the bank's online account, you can go to PAY BILLS and look for CITISEC ONLINE and transfer the fund from there. Just screenshot the successful transaction and email to them. For manual remittance, scan the bank receipt and email to them. Once they receive it, they will reply with your user account and password. You are now ready to buy and sell stocks.

For detailed guide in opening account, [CLICK HERE](#).

Unit Investment Trust Fund. This is similar to mutual funds, only that this is managed and offered only by the bank. Unfortunately, OFW cannot open account while abroad as banks need you to personally visit the branch. To know more about the funds they are offering, visit the respective bank website you are interested opening account with.

Comparison of Mutual Funds, UITF and Stocks

UITF	Mutual Funds	Stocks
Managed by Banks	Managed by Fund Managers	Thru Stock Brokers
Bank invest your money	Fund manager invest your money	You decide which stocks to buy and sell
Regulated by BSP	Regulated by SEC	Regulated by SEC
You buy per Unit	You buy per Share	You buy per lot of stocks
20% withholding tax	Tax exempt	You are tax on buying and selling
Less risk	Less risk	Risky
Can withdraw anytime	Can withdraw anytime	Can withdraw anytime
Minimum investment is Php 10K (BDO)	Minimum investment is Php 5K	Minimum Investment is Php 5K
Cannot open account while abroad	Can open account while abroad	Can open account while abroad
Management fee and early redemption fee	Sales load fee and exit fee	Brokers fee on buying and selling

Save and Invest Regularly

Investing is long term; do not expect your money to grow instantly. Develop a habit of saving money from your income and invest a portion of it. Do it regularly.

Take the Risk and Move out your comfort zone

When you tell other people about stocks and mutual fund, they might warn you not to invest on it because it is risky. Yes, there are risks involve in every investment. However, risk can be minized thru knowing what you are doing. For most people, savings account in the bank and time deposit are the best investment option for them. They didn't know that bank also may go bankrupt and the money they put in the bank is depreciating due to inflation.

While your money in the bank is earning your 0.3% annual interest rate, Philequity PEFI fund has annual growth of 24.15% in the past 10 years. That includes the 2008 recession.



10 years ago, let's say you put your Php 100K in the bank. At present time your money is around Php 103K.



10 years ago, let's say you invest your Php 100K in Philequity PEFI mutual fund. At present time your money is around Php 2.5 million.

Investment taxes in the Philippines

Did you know that aside from giving your 0.3% interest rate in your bank deposit, gains is also subject to 20% withholding tax? Same happen with your time deposit account which is also subject to the withholding tax, except if you will invest more than 5 years.

Mutual funds are tax free. For stocks, you are taxed every time you buy and sell.

Delayed Gratification

It means doing later something that will give greater rewards. This idea must be followed by most people if they really want to retire young and retire rich. Especially to those working abroad.

Initially, most OFW will spend their money in house, cars, land and other things that money can buy. With delayed gratification, you can postpone buying those things so you can invest the money first.

Let's say you want a big house worth Php 5 million. Since you don't have the money to buy it, you will resort to loan from the bank. 10 years payable, your monthly mortgage is around Php 71K.

Consumer Loan Calculator

Type of loan:

Desired loan amount:

Preferred loan term:

Results:

Your estimated monthly amortization shall be PHP 71,735.47 payable in 10 Years. Contact our Customer Care Center to learn more of our latest promotions that best suit you.

After 10 years, you now have your Php 5 million worth of house but no savings at all. All your money goes to paying the monthly mortgages. You have to work abroad again to support your family.

INVESTMENTS					
		YEAR			
Initial Investment:	PHP 0.00				PHP 0.00
No. of Years:	10	1	PHP 852,000.00	PHP 204,480.00	PHP 1,056,480.00
Monthly Top Up:	PHP 71,000.00	2	PHP 1,908,480.00	PHP 458,035.20	PHP 2,366,515.20
Annual Growth:	24	3	PHP 3,218,515.20	PHP 772,443.65	PHP 3,990,958.85
		4	PHP 4,842,958.85	PHP 1,162,310.12	PHP 6,005,268.97
Total Investment:	PHP 8,520,000.00	5	PHP 6,857,268.97	PHP 1,645,744.55	PHP 8,503,013.52
Total Money:	PHP 33,430,661.08	6	PHP 9,355,013.52	PHP 2,245,203.25	PHP 11,600,216.77
		7	PHP 12,452,216.77	PHP 2,988,532.02	PHP 15,440,748.80
		8	PHP 16,292,748.80	PHP 3,910,259.71	PHP 20,203,008.51
		9	PHP 21,055,008.51	PHP 5,053,202.04	PHP 26,108,210.55
TARGET ----->		10	PHP 26,960,210.55	PHP 6,470,450.53	PHP 33,430,661.08

(Philequity mutual fund PEFI gains for the past 10 years is around 24%)

On the other hand, if you will invest your money first and buy the house later, you could have at least Php 33 million worth of investment by then. Take the Php 10 million and build your dream house. The remaining money, just keep it invested and it will give you around Php 460K monthly allowances coming from the interest alone. With that money, you don't need to work abroad and you can retire young and rich.

If you can't beat them, join them



Most OFW's dream is to have a business in the Philippines so they can retire from working abroad. This is also their exit plan. However, this is easier said than done. Harsh reality in business is that 90% will fail in the first up to 5th year of business. How can you expect a nurse, engineer or accountant to do business? That is not their expertise. In the end, most OFWs lose their hard earned money

from the business. They have to work abroad again to support their family.

On the other hand, you can be a business partner of prominent businessmen in the country like Sy, Gokongwei, Tan, Lopez, Aboitiz, Pangilinan and others. How? Buy their company stocks. Let them handle your money and take care of it. They are the best in business, rest assured they will do anything to make your money grow. Isn't that great?

Asset and liabilities



Assets are things that put money in your pocket. On the other hand, liabilities are things that take money out from your pocket. Most people buy things which they consider as asset but in reality, they are all liabilities.

Do you think your house is an asset? No, it is not unless you are selling it or someone is renting it. You're the one paying utility bills and maintenance.

Do you think your land is an asset? No, it is not unless you're selling it or someone is renting it. You're the one paying for the taxes.

Do you think your car is an asset? No, it is not unless it is a taxi cab. You're the one paying for maintenance and gasoline.

Instead of Putting Money in the Bank, Buy the Bank

Most people think that by putting their money in the bank, they are actually investing. In reality, they are losing their money instead. Bank gives them 0.3% interest rate against 4% inflation rate in the Philippines. So instead of depositing your money in the bank, why not just buy the bank thru their stocks.

Let's say you have Php 100K last year and deposit it in Metrobank, it will be around Php 100,270 after a year.

On the other hand, if you use Php 100K and buy Metrobank stocks last year, it will be around Php 126K already.



Php 126,000 after a year

VS



Php 100,270 after a year.

Invest Now

The best time to invest is now. Take some time to learn about the various investment opportunities and start investing. Invest for long term and invest while you are still young. This is the only way to get out of the rat race the easy way.

Educate Yourself, Look for Mentors to Guide You



Filipinos have poor financial literacy. That's why we missed every investment opportunities that could greatly benefit us. Educate yourself and learn everything about finances. This is the only way you can empower yourself and prepare for your future.

For some, having a mentor to guide you is big help. Like me, I joined the [Truly Rich Club of Brother Bo Sanchez](http://www.trulyrichclubmember.com) so he can guide me on my learning and Investment. As a member, I am receiving the following:

- *2 PowerTalks every month (instant access via MP3)*
- *Bo's Success Mentors Collection (1 every 3 months for 1 Year)--FREE*
- *WealthStrategies newsletters every month--FREE*
- *Daily GodWhispers Email--FREE*
- *How To Be Truly Rich Seminar--FREE*
- *How To Conquer Your Goliath Ebook--FREE*
- *How To Turn Thoughts Into Things Ebook--FREE*
- *Earn Passive Income by being Bo's Affiliate in the TrulyRichClub*
- *Earn Passive Income with Bo's other Internet Work*
- *My Maid Invests In The Stock Market...And Why You Should Too.—FREE*
- *Stocks Update. --FREE*

If you can, I suggest you too become a member of this club. Visit <http://www.trulyrichclubmember.com>

Misconceptions About Investing

Stocks are for rich only. No, you can open mutual fund account and start trading for Php 5K only.

I am abroad, I cannot open account. No, you can open account in mutual funds and stocks while abroad.

Stocks are risky. Yes, it is risky. But the risk can be lessened with correct knowledge.

I don't have money to invest monthly. Stocks and mutual funds do not require you to put money regularly. Invest only when you have money.

Savings account is the best investment. Banks do close sometimes. And with 0.3% interest rate versus 4% inflation rate, for sure you are losing money.

I am abroad, I cannot monitor my investment. No, you can go online and check your investments.

Stop the Cycle of OFW's

I know few people who are working abroad for most of their life. They have mansion in the Philippines, cars, land and other properties. However, they remain working abroad and cannot settle in the Philippines for fear of losing monthly income. If they only start buying real assets since from the start, they should not be bothered by this thoughts.



They send their children to respectable Universities and finish bachelor's degree. However, these children will end up following their parents abroad and start the cycle of being OFW's.

Let's stop this cycle and clearly identify the EXIT PLAN. We can all retire and live happily in the Philippines with our loved ones. But it will only happen if you will start to

be financially literate and start investing. Let your money work hard for you, instead of the other way around.

Useful Articles to Read

[Php 5K is all you need to start trading in stocks](#)

[Step by step guide in opening account in COL and start investing in stocks](#)

[My wife invests in stocks](#)

[Don't have time to buy and sell stocks? Invest in mutual funds](#)

[Philequity mutual fund: Another investment opportunity for OFW](#)

[Delayed gratification is the key to have a good savings and investment plan](#)

[Ignorance hinders us from investing](#)
[How to monitor your mutual fund investment](#)
[Unit Investment Trust Fund \(UITF\)](#)
[Choose the fund that satisfies your risk appetite](#)
[Simple guide to a self made millionaire](#)
[What is your exit plan?](#)
[COL guide for newbie's in buying and selling stocks](#)
[Top reasons why Filipinos failed to save](#)

And many more..... visit **www.richardmacalintal.com**

Share This Book

Most of your friends or family members want to make their money work for them as well. But most of the time, they don't know how to.

Share this book to them! Who knows, you might be a blessing to them. Email them, post in your facebook account or message them.

Let's promote more Filipino Investors rather than Filipino Workers!

Click the button to [SHARE](#)



Follow Me

If you have any questions about investment, you can follow me and send your queries.



www.facebook.com/richardlmacalintal



www.twitter.com/rlmacalintal

Hope you learn something from this ebook. I know this is just a brief introduction, you can find more if you will visit my website **www.richardmacalintal.com**

It's been a pleasure helping and guiding you in your investment. We have a newbie investors group in Facebook to better guide you on your investment, message me if you want to be added.

Happy Investing!

Richard Macalintal
www.richardmacalintal.com

P.S. Like you, I also know nothing about investments before. Until I became a member of the [Truly Rich Club](http://www.trulyrichclubmember.com) by Bo Sanchez. It was the best decision I ever made in my life. He guided me along the way, explaining how I can manage my money and make it work hard for me. Now I'm investing in real estate, stocks and mutual funds and have a clear path for my future. It's amazing how his teachings change my life. I'm inviting you to join the club too. Visit www.trulyrichclubmember.com

"Our goal is to be rich but not to buy things such as house, cars, gadgets and other material things. Let us make ourselves rich so that we can serve the Lord with the money that we have. This includes our family, friends and other people."