

Penta-O SACCO LTD

SAVINGS POLICY

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Short Description – The policy is to guide on all issues of savings by members/spouses/children, eligibility, limits, payment procedures and dormant accounts.

Effective date –

Revised date –

Repeals the following policies – None

Reference sections of the SACCO by-laws –

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1. TERMS USED

- a) **Deposits** – individual members savings with the SACCO.
- b) **Savings** – can be used interchangeably to refer to deposits.
- c) **Active member** – Individual member who has been contributing the minimum monthly deposits consistently.
- d) **Dormant member** – Individual member who has deposits with the Sacco but has not been contributing the minimum monthly deposits consistently for more than three months.

2. POLICY OBJECTIVES

Provide guidelines on avenues for members savings and wealth creation within the SACCO.

3. RESPONSIBILITIES

- a) **Board** – Oversee policy implementation
- b) **Education Committee** – Member education
- c) **Credit Committee**- Monitoring and Evaluation (also entrenched in the loans policy)

4. TYPES OF SAVINGS

a. Progressive Deposit Account

This is compulsory to all Sacco members. Active membership is maintained by consistent monthly contribution of not less than the minimum deposits, in conformation with by-laws and Cooperative principles.

- i. Savings should be made regularly, usually monthly by 10th of each succeeding month.
- ii. Penta-O Sacco minimum monthly saving is Ksh 1000/=, or any other amount revised from time to time. However, there are might be loan products that dictates higher minimum savings.
- iii. Additional savings can be provided at any given time of the month per members discretion.
- iv. Interest Rebates shall be automatically capitalized for any member holding less than the Minimum Share Capital.
- v. Deposits cannot be withdrawn, either partially or in full, unless the member resigns from the Society.
- vi. Deposits forms the basis of member's loan entitlement. A multiplier effect on a member deposits are dependent on the loan product and used to determines the amount of loan that a member can be advanced for each product. Currently, the entitlement is three-times deposits subject to review from time to time
- vii. Deposits of active members can be used as loan guarantee for self or others.
- viii. Deposits committed for loan guarantee cannot be claimed by the member, until freed from guarantor obligations.
- ix. Guaranteed deposits are considered held in trust by the SACCO while the loans are running.
- x. Active deposits are eligible for any annual interest that shall be declared by the SACCO as surpluses for each financial year. The SACCO holds the discretion to deny annual interest on dormant members.
- xi. After the AGM resolution on distribution of surpluses is passed, interest on deposits earned can either be paid out directly to the member, used to reduce members loan or ploughed back as savings per members discretion.

b. Share Capital

Share capital refers to the funds that a company raises in exchange for issuing an ownership interest in the company in the form of shares.

Share Capital Features

- a) Every society member is required to own the society by holding a certain number of shares as prescribed by the Sacco by-laws
- b) Minimum shareholding per member is 100 shares and maximum is 5,000 shares. Each share is worth Kes 100.
- c) Shares are not refundable but transferable and they can NOT be used as collateral for loans
- d) Shares earn dividends depending on the society's performance.

Other Savings Products

The society may come up with other member driven saving products from time to time to cater for varied members' needs in the increasingly dynamic financial market.

a. KidSmart Savings Account

Empower your children's future with the KidSmart Savings Account, designed specifically for educational savings.

Purpose: Helps parents save towards school fees payment.

Features:

- i. Optional upon registration.
- ii. Withdrawals are allowed three times a year, aligning with school terms: Term 1, Term 2, and Term 3.
- iii. Competitive interest rates to grow your savings over time.

Benefits: Secure your child's education without financial stress.

b. Holiday Vault Account

Make your holiday celebrations extra special with the Holiday Vault Account.

Purpose: Provides a structured way to save for annual holiday expenses.

Features:

- i. Optional account for members.
- ii. Withdrawals are permitted once a year, making it perfect for end-of-year festivities.
- iii. Earns attractive interest while you save.

Benefits: Plan your holiday without worry and celebrate in style with your loved ones.

c. Goal Achiever Savings Account

Your dreams are valid, and the Goal Achiever Savings Account is here to help you make them a reality.

Purpose: Designed for saving towards specific goals, such as purchasing property, starting a business, or planning an event.

Features:

- i. Optional account for members.
- ii. Withdrawable upon reaching the maturity date you set when opening the account.
- iii. Flexible savings options to match your timeline.

Benefits: Watch your dreams unfold as your savings grow steadily, helping you achieve your goals seamlessly.

5. DORMANT ACCOUNTS

- a. An account should remain active by regular (monthly) savings.
- b. Any account that is not credited with savings for 90 consecutive days (3-months) shall be considered as dormant.
- c. Members with dormant accounts shall be notified on bi-monthly basis and requested to submit their monthly remittances within 30-days of notice.
- d. If there is no action from the member within the 30-days, then a final reminder shall be sent for their activation action within a further 30-days
- e. If there is no response after the second notification, then the account shall be considered dormant and the member asked to voluntary withdraw from the Society, within 30-days of the communication.
- f. If there is no response to the notice requiring their voluntary withdrawal, then the account shall be transferred in total to a standalone 'dormant account' to be created by the SACCO for such purposes. _
- g. Dormant accounts shall not earn any interest.
- h. Dormant members may apply for reactivation of their accounts in which case a reactivation fee of Kes. 1000 shall apply if no response was made by the member.
Note: Membership re-admission fees is Kes 2,000/=
- i. Dormant members will apply for a loan 3 months after reactivation of the account.
- j. Funds in the dormant account that remain inactive may eventually be transferred to 'unclaimed' account upon proof of continuous attempts to reach the members for their advice.
- k. Funds in the 'unclaimed' account may be transferred to the Unclaimed Financial Assets authority (UFAA), a public trustee, as directed by the Act, Rules or by-laws, without further reference to the member'

GENERAL PROVISION

- a. These saving products are available to registered and active members only.
- b. A member MUST have at least one savings product at any given time.
- c. There is no limit to the amount and method of saving on any of the savings' product.
- d. The available Savings remittance options are: Automatic payroll check-off (PRD), bank standing order, direct bank cash deposits, direct bank transfers , or use of mobile money deposits through pay bill to SACCO account.
- e. Rejoining and activation fees are applicable when rejoining and re-activating accounts respectively.
- f. The fee is an income to the Sacco and should not be credited to members deposit accounts.

Note: Re-activation occurs when a member has been dormant in membership contribution while re-joining occurs when a member had left the Sacco entirely and would like to be a member again.

APPROVAL

**This policy is approved for SACCO use by:
EXECUTIVE COMMITTEE:**

Chairman

Name Vincent Okoth Omollo

Sign



Date 01/09/2024

Secretary

Name Clifton Omondi Onyango

Sign



Date 01/09/2024

Treasurer

Name Victor Okoth Okello

Sign



Date 01/09/2024

