



SAVINGS POLICY

December 2023

1.0 Short Description

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

1.1 Terms Used

Deposits – individual members' savings with the SACCO.

Savings – can be used interchangeably to refer to deposits.

Active member – Individual member who has been contributing the minimum monthly deposits consistently.

Dormant member – Individual member who has deposits with the Sacco but has not been contributing the minimum monthly deposits consistently for more than twelve (12) months.

2. POLICY OBJECTIVES

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

3. RESPONSIBILITIES

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

4. TYPES OF SAVINGS

General provision

- i. These products are available to registered and active members only.
- ii. Members of various categories (4.1 to 4.5 below) must have fulfilled membership conditions as contained in the by-laws.
- iii. A member MUST have at least one savings product at any given time.
- iv. There is no limit to the amount and method of saving on any of the savings product.
- v. The available Savings remittance options are: Automatic payroll check-off, bank standing order, direct bank deposits, direct bank transfers via EFT or RTGS, or use of mobile money deposits through pay bill or QFS to SACCO account.
- vi. Rejoining fees are applicable when a member who had left the Sacco and would like to be a member again. The fee is an income to the Sacco and should not be credited to members deposit accounts.

Types of savings accounts:

4.1 Members Savings Accounts (Deposits)

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. Energy Sacco minimum monthly saving is Ksh. 2,000, or any other amount revised from time to time.
- iii. Additional savings can be provided at any given time of the month per member's discretion.
- iv. A member can transfer membership from another subject to the Sacco's By-law 11.3
- v. Deposits cannot be withdrawn, either partially or in full, unless the member resigns from the Society.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 is dependent on the loan product and is used to determines the amount of loan that a member can be advanced for each product.
- vii. Currently, the entitlement is three-times deposits subject to review from time to time or as specified in the terms of the loan product.
- viii. Deposits of active members can be used as loan guarantee for self or others.
- ix. Deposits committed for loan guarantee cannot be claimed by the member, until freed from guarantor obligations.
- x. Guaranteed deposits are considered held in trust by the SACCO while the loans are running.
- xi. 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.
- xii. 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 member's discretion.

4.2 Holiday Savings or (Zawadi Savings)

This product has been developed to assist members save for a holiday outing

- i. Savings should be made regularly, usually monthly, not later than 10th of the following month
- ii. Minimum monthly saving is Ksh. 300/=, Subject to periodical review.
- iii. Additional savings can be provided at any other given time of the month
- iv. The member can opt to withdraw whole or part of the savings once a year.
- v. Minimum saving duration is four (4) calendar months
- vi. These savings cannot be used for loan guarantee to self or others
- vii. The SACCO shall have charge over such savings in the event of loan defaults by member.
- viii. These savings are eligible for a monthly interest, at 4% pa or a rate to be determined from time to time
- ix. These savings are not eligible for any annual interest that shall be declared by the SACCO as surplus at the end of each financial year.

4.3 Other Savings Products

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

5. DORMANT ACCOUNTS

- i. An account should remain active by regular (monthly) savings

- ii. Any account that is not credited with savings for 365 consecutive days (12-months) shall be considered as dormant. A one off deposit made 90 days to the closure of the financial year shall not be considered for the purpose of interest payment.
- iii. Members with dormant accounts shall be notified on bi-monthly basis and requested to submit their monthly remittances within 30-days of notice.
- iv. 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
- v. 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
- vi. 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
- vii. Dormant accounts shall not earn any interest
- viii. Dormant members may apply for reactivation of their accounts in which they will contribute a minimum of Ksh. 2,000/= which shall be credited to their deposits.
- ix. Dormant members who will have been activated shall be required to contribute consistently for six (6) months after reactivation of the account
- x. 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.
- xi. 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

6. APPROVAL

This policy is approved for SACCO use by:

Signed by :

Chairman:

Name Paul N. Mbuti Sign [Signature] Date 20/2/2024

Secretary:

Name Stella Adumi Sign [Signature] Date 20/2/2024

Treasurer:

Name T.M. O. Oluo Sign [Signature] Date 20-02-2024