



SHELLOYEES INSIGHT

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Editor's Note

Welcome to another exciting edition for your eyes, I am Andrew Kiserema. In this edition, we will introduce to you our new partnership with CIC Insurance that covers home ownership and motor to name but a few. We will also share with you snippets of our upcoming meet/greet tours with all our members and the various office locations we will tour. Lastly, we will inform you of the requirements to qualify for a Shelloyees Sacco and the benefits of growing your assets with us.

Andrew Kiserema

Improvements

The editor welcomes your suggestions on how we can make this newsletter better. Please send your suggestions to info@shelloyees.co.ke.



Chairman's Remarks

With the lower interest rate offered by some banks, due to controlled interest, we have seen some members getting attracted by the rates and even withdrawing as members of the SACCO. The lowest rate offered by one of the banks for unsecured loan is 12.5% per annum. On face value, this looks very attractive compared to super normal loan of the SACCO where the current interest rate is 15%. If you look deeply at the bank loan, there are some charges that are not included in the given rate e.g. negotiation fees, annual insurance fees, among other charges. These increase the interest rate to 14.09% if added together for a loan.

Let's take a practical example of a loan of Kshs 1,000,000 (1 million) payable within 60 months. One taken from the bank and another taken from the SACCO. Assuming the member has a deposit of Kshs 250,000. This qualifies for a super normal loan of Kshs 1,000,000 (4X 250,000). At a loan interest of 15%, the interest payable will be Kshs 140,287/= for one year. The bank payable interest will be Kshs 131,571/= for the one year. However, for the SACCO, there is a benefit of returns on the interest which for the last four years has been about 10%. This gives a return of KSH. 25,000/= on Kshs 250,000/= deposit for one year. Hence the total cost of loan payable for the year will be Kshs 115,287/= if you remove the benefit of the interest return. The resultant interest payable for the SACCO loan will be 11.5%, which is much lower than the bank loan of 12.5%.

So do the math and talk to us, you can secure a loan at affordable rate. Did you know that there are talk that by next year, the interest capping on the loan will be removed? The interest rate from reliable sources without the capping may settle at 17%.per annum. Do not be caught in the mix. Think ahead!

Oscar Mbala



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We keep our word





Events Calendar 2019

We have many exciting engagements this year. This will help our clients with up-to-date information about our products:

DATE	TARGET	VENUE
May 2019	VEK HQ Vienna Court	Nairobi
May 2019	Vivo/Solvochem Mombasa	Mombasa
July/August 2019	Solvochem E.A Westlands	Nairobi
July 2019	Vivo Nairobi terminal	Nairobi
August 2019	Vivo JKIA	Nairobi
August 2019	TopServe E.A (Plant)	Nairobi
July 2019	Vivo Wilson Airport	Nairobi
June 2019	Colas E.A Ltd	Nairobi
Sept 2019	Ex Employees of Common Bond Companies	Nairobi



Feature

Growing Your Assets Through Shelloyees Sacco Loans



Invest in your future by investing with Shelloyees

Everywhere you go, everywhere you sit; you will always find people discussing their big deals and breakthroughs. There is no easy road to self-reliance and building a secure financial backbone. Here at Shelloyees Sacco, we take you by the hand and help you to achieve your greatest life goals a shilling at a time.

Investing requires courage and risk

What comes to your mind when you hear of Warren Buffet, Bill Gates, Richard Branson or even Jeff Bezos? For me, it comes down to making lots of money, being street smart and letting your wealth work for you. Trust you me, we are not all gifted athletes that play for the English Premier League- who are rewarded most handsomely- per week. Rather, we are employees of organisations depending on a month-to-month payslip or a side business to complement our 8-5 labours. If this is the reality on the ground and we want to move in the same school of thought of the aforementioned business leaders- then clearly we require courage in order to take a few financial risks.



Feature

You and I who have gone through some basic formal education and with years of work experience very well know that you must let your wealth work for you and you must diversify your risks by spreading out your investments. We do not want to work and retire at the age of 60 to live off our pensions. Pensions will have valued even less when our time comes because of fluctuating interest rates, strength of our Kenyan Shilling currency and our weakening purchasing power due to our current slow economic growth. Now is your opportune time to learn about the types of loans that Shelloyees has to offer and the process of taking a loan to invest in your future. Do not wait to invest when you are old, frail and without the capital to do so.

The Process of securing a normal Sacco loan with Shelloyees

- Normal loans are available to members who need finances for development purposes to be repaid over a maximum of sixty (60) months and charged interest at 1% p.m. subject to clause 3.2.10 on interest rates
- You must have been a member for a minimum period of six months and contributed not less than Kshs. 12,000.00 in deposits
- The maximum amount of loan granted shall not exceed KSh 15 million. Repayments from your salary shall not, in addition to other deductions, exceed 2/3rd of a member's basic salary.
- Repayment from other sources of income shall be supported by Six (6) months certified bank statement
- Your loan must be fully guaranteed by own deposits, other members deposits or acceptable security. For guarantor's hip against deposits, the guarantors must be at least four.
- A member may refinance the initial loan at 1% refinancing fee in six months. A member may access subsequent refinancing at any time at 5% refinancing fee of the outstanding loan.
- Other loans, which are available, includes normal, super normal, emergency, school fees, insurance, asset financing, short term and instant.



Interview with a member of Shelloyees Sacco

Mine was the privilege of interviewing Miss Katumbi Mwanzia, a member of Shelloyees Sacco and working in Card Centre. We had a candid discussion on the challenges and opportunities available when one wants to take a loan. She said: "Once you've filled out all the necessary paperwork, the team is very efficient and effective in processing your loan. The biggest headache lies with securing enough guarantors who can enable you to meet the required threshold." Herein lies the Achilles heel, a possible solution by Miss Katumbi was continuing to have engagement sessions with all members of the Sacco to help members to identify potential guarantors for their loans and to build their circle of networks. This is what Shelloyees is doing through the monthly tours with its members. Please remember to invest in your future while you are still young and vibrant. *#Pamoja Twajijenga.*

Comparative Analysis between a Sacco and Bank Loan

As a member of the Shelloyees Sacco, a time will come when you will want to invest your savings into a project of your choice. It is imperative for us as your partners to educate you on the cost benefits of taking a loan from the Sacco compared to taking one from your local bank.

I want to highlight a few particulars between the two. Sacco loans do not have hidden charges and interest rates do not change over the lifespan of the loans. Commercial Bank Loans however, have hidden charges such as insurance fees, appraisal/processing fees, account maintenance commission, late remittance charges, accrued interest charges and premature loan clearance charges.

Sacco's offer you a higher rate of interest on your savings and a lower rate of interest on your loans than banks. Sacco's are also more flexible in terms of repayment terms and are more responsive to your personal and business needs when the unexpected happens. Banks have yearly reappraisals to determine interests to charge. This implies that the interest rates will vary within the lifespan of the loan. As and when interests in the



money market change (upwards), the interests on running loans are also adjusted (upwards) without giving notice to the loanee.

A Practical Example

Allow me to use an example to explain the differences in loans offered by a Bank and those of a Sacco. All factors being constant, let us assume that (Simon) applies for a Sacco loan worth Sh1, 000,000. Simon has contracted to pay the loan within a repayment period of (60) days. The interest charged on Simon's Sacco loan per annum will be 12 percent per annum. Now, (Nicole) on the other hand decides that she wants to try a bank loan instead. The value of the Bank loan is Sh1, 000,000. The interest is at 13 percent per annum. Nicole has agreed to clear her loan within (60) days.

Simon would have paid a total interest of Sh343,033.47 for the period 28 February 2019 until 25 January 2024. While (Nicole) on the other hand would be paying a total interest rate of Sh405, 184.45 for the period 28 February 2019 until 25 January 2024. The difference between the two interest rates will be Sh62,150.98. If we can remember, the interest rate by the Sacco stood at 12 percent per annum. While that of the bank loan had an interest rate of 13 percent. The conclusion of the matter therefore is that Bank Loans are 18% more expensive in terms of costing than Sacco loans even with interest gapping assuming there are no more charges other than insurance and negotiation fees.

I, therefore urge Shelloyees members to invest adequately with Shelloyees Sacco and to make use of our affordable interest rates compared to the banks.



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