



**Vision -**

**PROVIDING FOR a SECURED and QUALITY LIVING**

**Mission:**

- To extend coverage to all members.
- To provide efficient and effective services through best practices.
- To maximize benefits to members

# newsletter

July 2016

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## DEBT CRISIS

By; Petra Suhren Chan Tung



## DEBT CONSEQUENCES

Many of us take on debt soon after joining the work-force. Whether it is taking up our parents' loans, faa-lavelaves, buying a car, house, or lack of financial knowledge, for the most part, in our Society, debt is unavoidable.

Could you imagine going through your entire life without ever taking on any debt? You would have to pay for your every commitment with money you earned and saved up. However, the reality is that we live in a Society

where savings is not part of the norm. With the many commitments placed on us not only by families but our church and community, we are pressure to seek alternative means of sourcing funds beyond what we earn or even are capable of saving. Unless you were born into a large amount of wealth, this would be exceedingly difficult.

Statistics (NPF Member Services) show that at least 90% still have debt remaining unsettled at the

age of 55. Quite an alarming statistic indeed, but highly indicative of the reality in our Society.

The *debt cycle*, is where you borrow, repay some of what you borrow, only to end up borrowing more. This cycle can last a lifetime. If not controlled, debts continue to grow and can even follow a borrower to the grave. Worse, it doesn't always end when one dies. For many of us, our debts are transferred to family members and thus immediately place the future generation into debt cycle.

## SOLUTION OR TIPS

No one ever wants to get into debt. Debt actually arises as a result of spending money we do not have. Whether the reason is justifiable is irrelevant. SELF-DISCIPLINE is the key to handling spending.

**Debt if not sorted out can:**

- ◆ Break up families
- ◆ Take the roof from over your children's heads
- ◆ Kills confidence (for some people)
- ◆ Pile on stress
- ◆ Lead to Imprisonment
- ◆ Cause depression (even suicide)
- ◆ Creates more debt (debt cycle)

Article continued next page.....

## Some tips on self discipline

### 1. Practice Mindful Spending

- ◆ Do I really need this?
- ◆ Is this what I came to the shop to buy?
- ◆ Can I live without this?
- ◆ Am I buying this out of emotion just to feel good?

### 2. Practice and Stick to Budget

Categories monthly expenses into “needs”, “wants” and “nice to have” and ensure that the needs are of first priority on the Budget. “Wants” and “nice-to-have” can wait when you have enough money saved to meet them, but

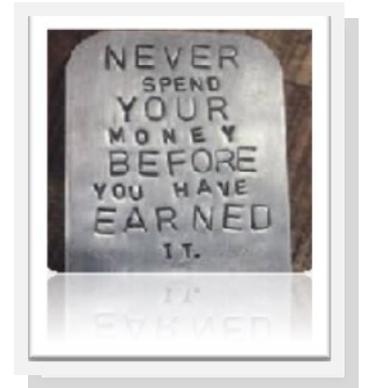
avoid getting a debt to fulfill these.

### 3. Pay yourself first

Set aside a portion of your paycheck as compulsory savings even if you start with \$10/fortnight. You will be surprised that this will come in handy just when you do not have enough for an unforeseen faalavelave. This will avoid you having to borrow

### 4. Associate Happiness with Financial Independence

Connect your happiness to Sav-



ings in order to have money spared for the extras (“wants” and “nice-to-haves”) instead of being happy with **Spending** and thus likely to borrow.

## Some tips on debt

- ⇒ Sort our spending first as spending more than you have actually leads to **DEBT**;
- ⇒ **Budget** is central. Base it on realistic MONEY that you earn;
- ⇒ Change lifestyle. One’s lifestyle should reflect one’s income capacity. Do not be trapped in the cycle of ‘living beyond your means’;
- ⇒ Incur debt for growth assets (e.g. house, vehicle, land) but based on what you can afford.

Avoid borrowing for short-term commitments . Make your loans worthwhile!

- ⇒ Reduce debt cost (e.g seek cheaper options via interest rate, opt for a shorter term if affordable etc)
- ⇒ Never touch your loan repayments ! They don’t belong to you but the banks . But you can touch your SAVINGS.
- ⇒ Surround yourself by positive

environment (i .e. friends , family, affiliations etc)



**DEBT is not just a fact of life, but indeed a useful tool if used wisely to either increase your net worth or generate income but not to meet expenses. With that in mind, a motto of “everything in moderation” is the best approach to take where debt is concerned. Getting out of debt is only half of the solution. Staying out of debt is what you want!**

## FINAL INCREASE OF MINIMUM CONTRIBUTION

We respectfully advise that pursuant to the National Provident Fund Amendment Act (No. 2) 2015 which increased the minimum contribution from 5% to 6% of Gross Salaries & Wages last year in 1st July 2015, there will be a further increase effective from 1st July 2016 so that contributions will be 7% of Gross Salaries & Wages

This has been done to assist our members in increasing their contribution accounts and thereby provide for a safe and secure future especially upon retirement.

This notice is a reminder to all employers to ensure that the increase to 7% is noted and included in the schedules and remittances submitted for the month of July 2016 (due in August 2016) and for the subsequent months thereafter.

The previous 5% was the minimum contribution for both the employee and employer when NPF was first established in 1972. There have been a lot of changes and improvement in the

economy and the standard of living since then but no change was made to the minimum contribution in over 43 years. This change has been made to assist members build and improve their savings in their contribution accounts accumulated over their working lives. They should receive a higher contribution balance at the retirement age of 55 years given their contribution over the years to their employers and the country at large. All members will benefit from this change.

## 7% INTEREST DECLARED FOR 2016

SNPF Board under Section 36 of the SNPF Act 1972 has declared an interest rate of 7% for its members in respect of this financial year ending 30 June 2016. The interest shall apply to the National Provident Fund, Judiciary Retirement Fund and Education Fund.

The total cost of the interest declared this financial year is \$32.1 million funded from its net profit of the year.

The following table shows the interest rates and total costs paid out since 2012. The annual interest declared shall be credited to the above accounts by close of business on 30th June 2016.

Contribution balances as at 1st July 2015 is the bases for the calculation of the interest declared provided that no withdrawals were made within this financial year.

### LOAN PRODUCTS FOR MEMBERS

1. Member
2. Short Term
3. Education
4. Vehicle
5. Land Loans
6. Housing

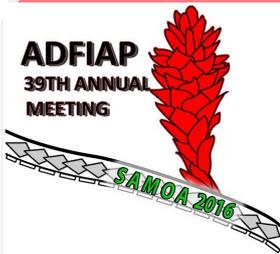
## UPDATE YOUR NOMINATION FORM

We highly recommend that you check and update your NOMINATION (i.e the person you have nominated to receive your contributions upon your death), as many members make their first nomination when they've just started work.

Unfortunately, there are many cases of members forgetting to update their nomination as their circumstances change. The Fund must honour a member's nomination in accordance with our statute and regulations, thus your nomination is very important.

So contact us to confirm and update your nomination to ensure that your preferred loved ones would receive your contributions in the event of death.

Our friendly staff of the Members Department, Level 4 will be happy to assist you.



## ADFIAP 39th annual meeting

Samoa National Provident Fund, Development Bank of Samoa and Samoa Housing Corporation hosted the 39th Annual Meeting of the Association of Development Financing Institutions of the Asia and Pacific Region (ADFIAP) from 2–5 May 2016.

ADFIAP is the focal point of all development banks and other financial institutions engaged in the financing of and advocacy for sustainable development in the Asia-Pacific region. It was founded in 1976 and currently has 100 member institutions in 39 countries and territories. It is a non governmental organization in consultative status with the United Nation's Eco-

nomics and Social Council with headquarters in Manila, Philippines.

Over hundred delegates from the Asia and Pacific region convened in Apia from 2–5 May 2016 to discuss the theme “Building Partnerships for Climate Change Resilience”. Climate change is a global issue at the moment. Development financial institutions need to be at the forefront in financing instruments and undertake innovative solutions to the growing need for climate finance especially in the Asia and Pacific region. Climate finance refers to financing climate change mitigation and adaptation projects and programs such as energy

efficiency, renewable energy and sustainable agriculture.

The conference was structured in a way to allow delegates to network and learn from each other through speaker presentations on best practices and challenges on climate change. There were various sessions with 2 to 3 panel speakers facilitated by the session moderator to be followed by questions and answers from delegates.

We wish to acknowledge our sponsors the **Bank of South Pacific, SIFA and Digicel** for their generous support. We also acknowledge the hard work of all our staff members. Without the assistance of our sponsors and staff, this event would not have been a success.

## MEMBERS SERVICES

For every employee, it is a MUST to have an NPF number or registered as a NPF member. Registration is free of charge and all you need to do is to come into our office with your birth certificate and a photo ID.

Member Services Department also cater for the needs of our members

through the following services:

- ◆ Contribution Statements/Loan Statements- \$2.00 per page
- ◆ NPF Imaging (Photo ID) - \$10.00
- ◆ Update nomination form
- ◆ Register for telephone texting.

If you need to update your payslip for loan entitlement, please visit our Member Services department on level 4 before you proceed to process your loan at Investment Department, Level 1.

Please contact Member Services Department at Level 4 or email [members@npf.ws](mailto:members@npf.ws)



Ms Sula Tavita staff member of the Member Services

## NEW STAFF INDUCTION PROGRAMME

The induction programme was a training held for new recruits to inform them about the objectives and roles of each department in the Fund.

Induction training are provided every year for new recruits so they understand expectations expected of all employees. Twelve new recruits undertook the induction training this year.

Management team presented on respective department's goals and objectives.



The programme aimed to introduce and familiarize new employees about the mission, vision and organizational structure of the Fund and the work ethics and values to adhere in the workplace.

Hence, the participants are now aware about each department's functions and are happy to be part of the SNPF team.

## STAFF ASSOCIATION SPORTS DAY

The Fund had its staff sports day on Saturday 19th March 2016 at the Apia Park Gymnasium. Annual staff sports day is a fund day for all staff to get together, relax and enjoy team work activities outside of the normal work environment. Staff were divided into 4 teams:

1. Savaii Island (Blue)
2. Manono Island (Yellow)
3. Upolu Island (Red)
4. Apolima (Green)

Some of the sports activities that the 4 teams competed in were volleyball, touch rugby, soccer and netball. Upolu team

or the Red team was the overall winner of the 2016 Sports Day. It



was a fun day for all staff members. Team work, healthy mind and body with innovation were promoted on the day.





### BALANCE REQUEST VIA TEXT\* TO 673

Need to check loan entitlement and contribution balance? Its easy!

- Register at our main office or Salelologa branch.
- Afterwards, to check your balance text to 673:  
**NPF number (5 characters) [SPACE] PIN number (5 digits)**  
**Example: HWI23[SPACE]12345 [SEND TO 673]**

\*Texts cost 40c each, and is only available for Digicel phones.



Level 4, Members Department(64800) or Salelologa branch (51321) – members@npf.ws – www.npf.ws