



## CENTRAL BANK of SOLOMON ISLANDS

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### **What NPF's new saving scheme is**

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For so long, those in the informal sectors have been excluded from joining the Solomon Islands Provident Fund.

But with the Solomon Islands National Provident Funds (SINPF) newly launched youSave saving scheme, self-employers like market vendors, farmers, taxi drivers, contractors, domestic fishermen can now save their money for retirement.

Local market vendor, Princess Tangile expressed her joy when she signed up for the youSave saving scheme.

“As a local vendor, I never had an NPF saving account until today when I joined this new saving scheme, now I am motivated and encouraged to start saving for me and my family.”

“I always spend my money on things, because I haven't done any savings in the past so this could be a good time to start saving, this saving scheme will help me to save my money, where it will last for a long time,” she said.

NPF has always been an option for the formal sector or the employed people to save for retirement.

But the new scheme aims to target those at the informal sector. The scheme was specially designed for the self-employed, unlike the traditional NPF accounts where employers make contributions; this one is different.

For this new scheme, you as the member ultimately decides when and how much to deposit or save. The money deposited will then grow in value with the annual NPF top up which comes from NPF investments and interests. The rate of NPF top up has averaged 8% over the past 10 years.

To make it more flexible to the members, this saving scheme has two accounts. A General Account and a Preserved Account.

For each dollar added into your account, it will split between these two accounts. For example, if a member contributes or save \$100 then the balance of his or her preserved account will go up by \$50 and the General Account will go up by \$50.

A member can only make withdrawal from his or her NPF youSave account if he or she have a very good reason. The withdrawal will be from the general account while the preserved account may not be accessed or withdrawn until they reached the age of 55.

Manager of Operations for S.I National Provident Fund Aluta Kakadi said that this product is purposely for all Solomon Islanders.

“This product is for all Solomon Islanders – It covers everyone in the Solomon Islands because it targets the informal sector.

“It is purposely to help all Solomon Islander between ages 16-51 to save for their children’s education, repair and maintenance and a long time saving up to 55 years of age where they can withdraw their money.”

The saving scheme was launched as trial on the 2<sup>nd</sup> of May by the Solomon Islands National Provident Fund (NPF) in partnership with the United Nations Capital Development Fund for Pacific Financial Inclusion Programme (UNCDFPFIP)

Discussions of this initiative was first held way back in 2012, PFIP volunteer Rosie Pilgrim said it’s really exciting to see the informal sector now has something to gain recognition of.

The saving scheme was first piloted at the Central Market targeting local vendors who are there to sell their products.

According to Kakadi if this pilot project is successful, they may venture into the rural areas.

“If this became successful we will move out to rural centers like Gizo and Auki to launch this product, but for now we focus on people who are centered here in Honiara,” he said.

There was a good number of response from local vendors, as many came forward to sign up for this product.

“We are happy that NPF introduce this saving scheme to help us, a lot of us don’t really know much about NPF products, but we really want to be part of this. Because we know it will help us,” a local vendor expressed.

NPF and PFIP will continue to promote the youSave saving scheme to the public and other saving clubs over the next few months.

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