

**ROSABON EARNING PLAN (REAP)**



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# OVERVIEW

The ***Rosabon Earning Plan (REAP)*** is a goal savings plan for individual investors i.e. it allows people to save monthly towards a financial target such as land acquisition, rent, car purchase, vacation, tuition, etc.. It is a smart and secure way to achieve those long/short term goals by saving up in an account that promotes savings discipline and offers amazing interest rates and benefits. It enables customers set financial target and meet up with it by setting aside a portion of their earnings every month in their REAP savings plan.

The major objective of REAP is to give investors an avenue to save towards building a lump-sum amount of their own aimed at future projects. Young investors who cannot afford to make lump-sum investment in RTN (fixed deposit which requires huge sums to really enjoy the benefits) can use REAP to build up to the lump-sum they desire to transfer into an RTN later. Traders, entrepreneurs, young professionals could use REAP to save up to an amount they can pump back into their business or use to pursue their goals.

# VALUE PROPOSITION TO THE CUSTOMER

* **Competitive Interest Rates:** REAP currently offers a minimum of 10% on a N10,000 monthly deposit which increases even further for higher monthly deposits. Majority of RFS’ competitors just offer a flat rate of 10% regardless of the principal. RFS’ REAP rates are therefore more competitive compared to the rest of the industry especially given the direct debit incentive on offer
* **No Surprise Charges:** If a person is saving towards a goal using a bank account, unplanned charges such as account maintenance fee, SMS alert charge, etc. would cut into the saver’s funds. With RFS however, all charges are pre-disclosed such as the statutory withholding tax
* **Savings Discipline:** Saving in a bank account means that the funds are so easily accessible with debit cards, USSD banking. The saver can easily be tempted to spend from his target savings and end up not reaching his goal. With REAP however, the customer can have flexibility but still become more dedicated to his goal since a debit card is not issued
* **Ease of Doing Business:** With the introduction of the direct debit and online payment features on the RFS website, it is even easier to subscribe to REAP without undergoing any manual process
* **Tax-Deferred Growth:** REAP has a relatively longer tenor compared to other RFS’ Treasury products. This gives the advantage that REAP subscribers can achieve a tax-deferred growth on their funds i.e. they are not liable to WHT till a much deferred date and can grow their funds in the time between
* **Monthly Compounding:** Interest on REAP is compounded monthly i.e. interest in each given month is computed based on new addition and balance brought forward from the previous month. This means the funds can grow even quicker
* **Adaptability:** REAP suits a wide range of investment needs and can be adopted by virtually anybody regardless of what phase of life they are in

# REQUIREMENTS

* One (1) passport photograph
* Identification Card (National ID, Voters Card, International Passport, Driver’s License)
* Utility bill
* Duly completed form REAP account opening form

# POLICIES

* The depositor/client must provide the basic requirements (see Document) and duly complete the application form signed by the client.
* Clients can open a REAP account with N10,000 and subsequently place a minimum deposit of N10,000 monthly.
* The tenor REAP account ranges from one (1) year to five (5) years, after which it can be renewed.
* Clients are permitted to add to their principal during the course of their tenor however the tenor for the fund will start afresh.
* At the end of a tenor, the customer will be given an option of collecting their interest and rolling over the principal or rolling over both the principal and interest
* However if the client decides to terminate his/her account, his/her fund will be disbursed to him/her in 24 to 48hrs.
* Funds will be paid directly to the account provided by the client.
* Funds can be terminated before maturity however a penalty shall be deducted as follows: (i) a premature termination that occurs before 180 days shall attract a 50% forfeiture of interest accrued; and (ii) a premature termination that occurs on the 180th day or later shall attract a 20% forfeiture of interest accrued

# INTEREST RATE

* Interest rates are at least 7% on a N10,000 per month placement in REAP; the interest rate increases as the principal increases into a higher investment range**.** The currently applicable interest rate schedule is as shown below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **SAVINGS RANGE** | **6 – MONTHS PLAN** | **ONE-YEAR PLAN** | **THREE-YEAR PLAN** | **FIVE-YEAR PLAN** | **DIRECT DEBIT ADOPTION** |
| **5,000.00 – 99,999.99** | 10.50% | 11.50% | 13.00% | 13.50% | 0.50% |
| **100,000.00 – 149,999.99** | 11.00% | 12.00% | 13.50% | 14.00% | 0.50% |
| **150,000.00 – 1,000,000.00** | 11.50% | 12.50% | 14.00% | 14.50% | 0.50% |

## DIRECT DEBIT ADOPTION

* Given the fact that REAP requires monthly placement of the contractual deposit, a subscriber to REAP could get fatigued of transferring funds every month and eventually lose dedication to his savings target
* The above would lead to funds inflow reduction for RFS
* Also, there is the possibility that the younger generation which values ease of doing business would abandon their REAP savings as they may not want to be bothered to make a transfer to RFS every month
* For the above reasons, RFS has partnered with Paystack (a payment processor) to implement online payment on the RFS website. This will help REAP subscribers set up direct debit mandates (automatic monthly deduction) towards their REAP accounts at zero cost (RFS bears the charges while customers enjoy the ease)
* To incentivize the adoption of the direct debit option, RFS has implemented a 0.50% direct debit incentive to REAP customers who adopt the direct debit mandate

# PROCESS FLOW

## SUBMISSION OF APPLICATIONS

1. Individuals interested in saving funds with RFS indicate their interest by one of the following means:

* Send an email to [info@rosabon-finance.com](mailto:info@rosabon-finance.com) in response to marketing and advertisements put out by RFS.
* Call the numbers provided on flyers, advertisements or the RFS website.
* Prospective client walks in to an RFS branch to make an enquiry.

1. A Client Services Executive receives the lead and forwards them to the Head of Treasury.

## TREASURY BUSINESS DEVELOPMENT

1. The Head of Treasury assigns each lead to an Independent Marketer (IMTT) who then becomes the Account Officer for that lead.
2. The Account Officer then contacts the interested individuals to inform the clients on the basic requirements
3. Prospective applicants who have these requirements are emailed the REAP Form as well as the documents required from the Account Officer.
4. Applicants then print out and complete the Application Form and either:

* Visits an RFS branch to submit it along with the required documents.
* Requests for the form as well as the required documents to be picked up by an RFS dispatch rider for an added cost (see Dispatch Rider Policy document).

1. Once all documents are complete, the Account reviews the file to ensure its completeness.
2. The Account Officer sends the RFS account numbers to the clients via their emails or SMS to enable client transfer funds
3. The client deposits the funds and informs the Account Officer of the details of the deposit

## ACCOUNT DEPARTMENT

1. Account department confirms and verify payments, if the deposit has not been received account department informs the Account Officer who in turn informs the client
2. A deposit receipt is generated and issued by Account department for the client.

## TREASURY DEPARTMENT

1. The receipt is either scanned to client’s email or the physical copy is given to the client by the Account officer.

## TRANSACTION PROCESS FLOWCHART

**Client Service**

Application

**Treasury**

Collection of documents

Verification of document

**Account**

Verify payment

Deposit reciept genertaed

**Treasury**

Issue deposit reciept