**CONTRIBUTION:**

Member’s Contribution:

MC = S x MCR

MC = Member Contribution

S = Basic Monthly Salary

MCR = Member Contribution Rate, currently 2%

* Monthly payroll deduction
* 12 payments a year
* Anticipate salary adjustments

Employer’s Share:

ErS = Se x ErSR

ErS = Employer’s (NFA) Share

Se = Employees Basic Monthly Salary

ErSR = Employer Share Rate, currently 4%

* Monthly remittance
* Anticipate late remittance
* Anticipate salary adjustments

**LOANS**:

General Types:

1. Installment Loans
   1. Regular Loan
   2. Calamity Loan
2. Special One-time Payment Loans
   1. Midyear Bonus
   2. Year-End Bonus
   3. CNAI

* New loan types may be added
* Existing loans may be suspended or totally discontinued

Processing Fee:

* Currently set at 0.5% for all types of loans; may change
* May be set to a fixed amount

Interest Rate:

* Set separately for each type of loan
* Anticipate changes pursuant to changing PF policies

Interest:

* Diminishing Interest

Net Proceeds:

Net Proceeds is the net amount granted to the member-borrower after making the necessary deductions from the principal (the amount of loan applied for).

NET PROCEEDS = P – PF – D + R

P = Principal

PF = Processing Fee

D = Deductions; the remaining balance from previously availed loan of the same type

R = Refund; any amount due to the member-borrower usually from past overpayments

Amortization:

MONTHLY DUE = A + (B X R)

A = Monthly Amortization of Principal

A = Original Principal ÷ Terms (in months)

B = Balance of Principal

R = Interest Rate

* Amortization is shown in Fixed Schedules generated upon Loan Application, with breakdown for Interest and Principal payments due
* Diminishing interest

**LOAN REPAYMENTS:**

* Fixed schedule, with breakdown for interest and principal repayments
* Diminishing interest
* Loan repayments may be amortized monthly or one-time payment
* Billing is issued before collection
* Priority of Application of Payment
  1. Interest
  2. Surcharge
  3. Principal

Surcharge:

* Surcharge shall be collected for underpayments and missed monthly repayments
* Surcharge applies only to loans
* Currently set at 0.5%; anticipate changes

SURCHARGE = (BILLED AMOUNT - PAID AMOUNT) x SURCHARGE RATE

* BILLED AMOUNT shall the following components:
  + 1. Interest for the Period
    2. Principal Amortization for the Period
    3. Previous Period Underpayment, if any
    4. Previous Period Surcharge, if any

**BILLING:**

Billing is the document that shows the amount due from members for a certain Period. It shall include the following information:

1. Member ID Number (Primary System Member Identifier)
2. Member Name
3. Amount of Contribution due
4. Loan repayments (enumerate); one column for each type of loan
5. Surcharges
6. Arrears

* The Billing will be served in downloadable Excel files, prepared by the System
* User-initiated, System-generated
* Offices will be billed separately; Payments will also be received separately
* Billing due date is “not strict”, as long as Payment is received within the allowable grace period

Due Date:

* Regular Loan Repayment starts one month after the release of the loan
* Calamity Loan, one year later or as defined
* One-time Payment Loan, as defined