

# Teachers increase FNPF savings to buy properties

Swastika Madhu Raj and Swastika Reddy are recent converts to the Fiji National Provident Fund's additional contributions product.

They are sure that the FNPF's Additional Contributions are their sole chance of obtaining a property and have been dutifully increasing their contribution since the beginning of the year.

Ms. Raj is 27 years old, and Ms. Reddy is 28 years old. Both are primary school teachers.

Prior to January of this year, their only other source of savings (apart from FNPF) was with banks; yet, they would frequently dip into their bank accounts for family obligations or just because it was convenient.

They frequently discussed their common desire to acquire a home and the difficulties they had in saving, so they began exploring investment opportunities to assist them reach their goals.

The decision to join up for further payments was motivated by a visit



Swastika Madhu Raj

by the FNPF's Member Education and Advocacy team at the school where they both teach in November last year.

They each pledged \$200 (fortnightly) as additional contributions, well above their mandatory obligations. "It was a simple decision for me to make since I could see clearly how this increased contribution may help me in a short period of time due to the high (FNPF) interest rates," Ms. Reddy said.

"When my colleague and I signed our forms to make an additional \$200 deduction, it was not confidential because our other colleagues were there at the FNPF awareness training, and some urged us against it, but we were not going to allow them make us believe differently." "My ambition is to own a home. I questioned myself at the workshop awareness, "What am I saving for?"

At that moment, I was determined that I was going to make the commitment because I knew I'd get something in the end."

"This is similar to a fixed account for

me; and I am certain that my funds are safe with the FNPF."

"I was unaware that this additional contribution has been available for many years."

So when we did the FNPF training at school, that's when I realized we could actually make extra deductions," Ms Raj explained.

"Previously, I was saving with a bank, but I soon realized that the interest rate was not competitive compared to FNPF".

"FNPF was offering the better and higher interest rate, and because my major aim was to save for a home, I knew I couldn't accomplish that (grow funds) with the bank.

"The bank does not have many withdrawal criteria, so when we have functions or whatever, it is simple to withdraw since we know there is additional money lying there."

"However, with FNPF we cannot just walk in and withdraw. So, my money is secure there."

## Guaranteed Returns to grow your savings

Ms. Raj and Ms. Reddy's commitment to additional contributions to achieve their goals is well-placed.

The interest that they will earn from their compulsory and additional contributions, will help them achieve their goals faster. After all, the interest rate that the Fund declares is unmatched.

Just last month, the Fund declared a 6% interest crediting rate for the 2022 financial year. That led to a pay-out of \$371 million to 392,175 members – at a 6% crediting rate for the 2022 financial year, ending 30 June.

The growth in the interest rate is

attributed to the higher returns achieved from the Fund's strategically managed investments.

A major part of the investment returns is from Government bonds – income and equity investments return.

The returns from equity investment are attributed to infrastructure investment and the recovery of the tourism industry, following the opening of the national borders in December 2021.

The Fund's ability to pay a higher interest rate this year (compared to the 5% paid during the COVID-19 period) is largely due to the diversified investment portfolio.

Members should be reassured that despite the subdued economic environment brought on by the global health pandemic, the Fund is still able to pay out an attractive interest rate.

It reaffirms that the Fund is still the best choice for long-term investments.

Over the last five years, the Fund has paid out more than \$1.6 billion in interest

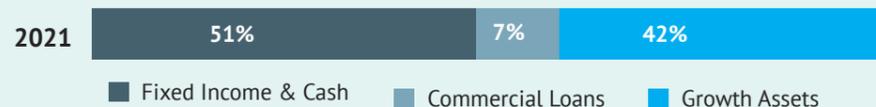
to members. It reflects well on the Fund's investment choices, which has contributed to the growth of the portfolio to its current size.

The Fund will continue to explore investment possibilities to achieve the overall objective to grow members' funds and prepare them for a financially secure retirement.

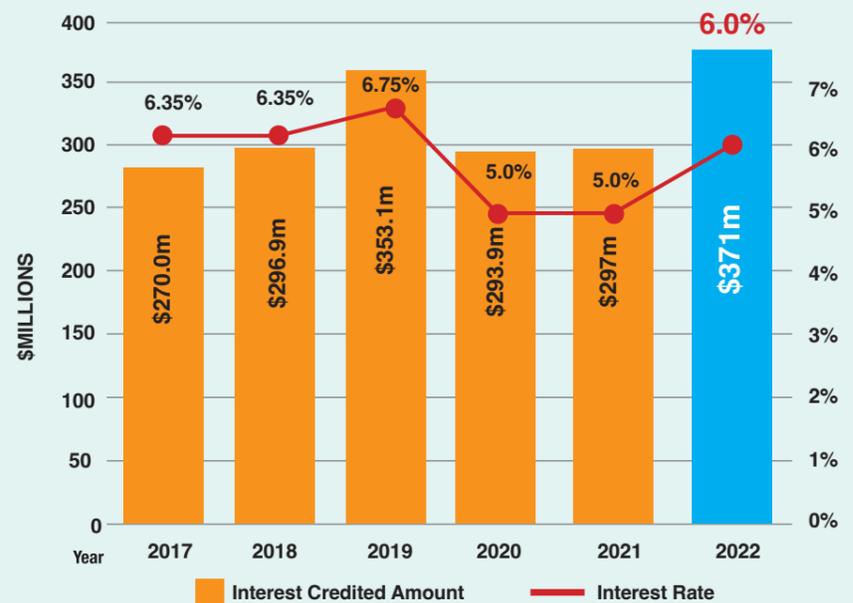
### Investment Portfolio Allocation



### Investment Income by Portfolio



### Interest Credited FY17 - FY22



## Confidence in FNPF

There's no doubt in Ms Raj and Ms Reddy's minds that their money is safe with FNPF.

"Our parents have worked and benefitted from the FNPF when they retired. Many teachers have bought big houses with their money from the FNPF," said Ms. Reddy.

"It is a trusted institution and it has been there for many years and it is not made-up stories because we have seen it benefit our parents."

"So making this additional contribution is absolutely worth it. I am not saying this to please anyone but it is a fact."

"Besides, if anyone changes their mind later on and decides to cease

additional contribution, then they can visit the FNPF office to put a stop to the extra deductions. We can do that."

"I am only regretting that I did not have that information earlier because had I known that, I would have definitely saved a lot by now."

Ms Raj, the youngest of three sisters, is working towards a three-year timeline to acquire a property.

"I have extra savings, and now I know I will also be getting extra interest from FNPF. So at least in three years, I should have a property, at least for the down payment from the extra I am deducting."

“ Our parents benefitted and so will we ”

Both teachers have called on other young members like them to seriously consider additional contributions in particular for those with long term goals to acquire properties and other assets.

They are both sharing their knowledge with their families and friends to prompt them towards targeted savings plans with FNPF.

Source: Fiji National Provident Fund



Swastika Reddy