



Committed to your Economic Success

Members' Guide



Revised Edition (2010)

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ABOUT US

The Jamaica Police Co-operative Credit Union Limited (JPOL) was established on July 4, 1955 by 11 members of the Jamaica Police Federation. The goal of these founding fathers was to provide a financial network to serve the interest of members of the Jamaica Constabulary Force and their affiliates.

Today we have grown into a sizable financial giant in the Credit Union movement within Jamaica and the Caribbean, with a membership base in excess of 12,000 and an asset base of over JA\$2 billion.

MISSION STATEMENT

To be the premier financial institution of choice for our members

VISION STATEMENT

To be a sound, viable, highly visible, technologically-driven, efficient and professional organization, with a good corporate image, and the primary financial institution for well-informed, loyal and satisfied members and staff

WHAT IS A CREDIT UNION?

A **Credit Union** is a *cooperative financial institution* that is owned and controlled by its members. Credit Unions differ from *banks* and other financial institutions in that the members are in fact the owners of the credit union.

Credit Union policies governing *interest rates* and other matters are set by a volunteer Board of Directors elected by and from the membership itself. Only a member of a credit union may *deposit money* with the credit union, or *borrow* money from it. As such, credit unions have historically marketed themselves as providing superior member service and being committed to helping members improve their financial health.

Credit Unions may be viewed as non-profit organizations, or alternatively as for profit enterprises charged with making a profit for their members (who receive any profits earned by the cooperative in the form of bi-annual interest paid on voluntary shares and dividends on Permanent shares as determined at the Annual General Meeting.)

Our Credit Union members are required to have a minimum of \$2,000 in Permanent Shares and \$500 in Voluntary Shares. If for any reason a member wishes to withdraw the total amount in any of the above-mentioned, that member will cease to be a member of Society.

Credit Unions generally follow the principle of “once a member, always a member,” which allows current membership to continue even if the individual would no longer qualify to be a member (such as having changed professions or moved outside of the area).

- To encourage its members to save regularly
- To provide loans to members at very low rates of interest
- To provide members with help and support in managing their financial affairs

THE THREE MAIN AIMS OF A CREDIT UNION

- To encourage its members to save regularly
- To provide loans to members at reasonable rates of interest
- To provide members with help and support in managing their financial affairs

HOW DOES A CREDIT UNION WORK?

A Credit Union allows members to make regular savings. These savings then form a common pool of funds from which loans are made to members. When members have been saving regularly, usually for about 6 months, they can then apply for a loan from the pool.

BENEFITS OF JOINING A CREDIT UNION

The benefits of joining a Credit Union are:

- It is an easy and convenient way to save and borrow money
- It is an easy way to receive direct benefit or salary payments
- It offers very low cost loans
- It offers life saving and loan protection insurance at no direct cost to the member

WHO CAN BECOME A MEMBER OF JPOL?

Past and present members of the Jamaica Constabulary Force, members of the District Constables Association, civilians employed to the Ministry of National Security, and their relatives include, parents, siblings (brothers & sisters), children and spouses who are over 18 years are eligible for membership.

HOW MUCH DO I NEED TO SAVE?

You can save daily, weekly, fortnightly or monthly. The amount you save depends entirely on your personal circumstances or what you can afford. The only requirement is that you save regularly.

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HOW SOON AND HOW MUCH CAN I BORROW FROM JPOL?

You need to save regularly for about 6 months before qualifying for a loan and any loan given to you will be related to your savings. The amount you will be able to borrow will depend on how much you need, what you can afford to repay and the credit union's policies. In an emergency, the credit union may consider a loan application even if the member has not saved for 6 months; in this case, the member will need to apply for a waiver from the Board of Directors.

ARE MY SAVINGS SAFE WITH THE CREDIT UNION?

Yes! Our member's savings are safe as we are contributors to the stabilization fund managed by Jamaica Co-operative Credit Union League which secures our members savings

Additionally, the credit union is obligated to safeguard its members' confidential information.

IS THERE ANY INSURANCE?

Both the Credit Union and your individual savings are insured in the following ways:

- Traditional shares and savings are insured up to J\$150,000.00 at no expense to the members
- Loan protection insurance presently covers up to J\$3M
- Fidelity Bond protects against fraud and theft

FINANCIAL PLANNING

What is Financial Planning?

Financial planning is the process of setting long term and or short term goals, developing a plan to achieve them and putting the plan into action.

You will therefore need to take the following steps

- A. Set your **GOALS**
- B. Start **BUDGETING** your money
- C. **SAVE & INVEST** your money based on your budget
- D. Make the right choice about **BORROWING** when savings is not enough

How to set **GOALS**

A goal is a destination, something you want or need that can be reached by taking certain steps.

Make sure your **GOAL is SMART**

- SPECIFIC:** *Be specific about what you want. For example you want to purchase a car.*
- MEASURABLE:** *You should be able to check on how you are progressing, make sure you have the resources you will need to achieve your goal*
- ATTAINABLE:** *Be clear about how you plan to get the money to purchase your car*
- REALISTIC:** *Decide if it is possible to save \$1,000.00 per week. Ask yourself what are the chances of achieving your goal by saving this amount.*
- TIME-BOUND:** *You must set a time frame as to when you want to achieve this goal. For example a car by age 35 or in 12 months.*

BUDGETING

Your budget will be your plan for managing money over a specific time period. Budgets help to control the flow of money by allowing you to track all your income and expenditure

Income is money that you receive while expenditures are things you use your money to pay for. Keeping proper records of your income and expenditure will allow you to control your spending and allow you to save.

Encourage yourself to do a monthly budget.

HOW TO DEVELOP THE ART OF SAVING

Saving is the art of putting monies aside for use at a later date. This is made easier by setting a budget. JPOL offers a wide range of savings products to encourage you to save regularly thus assisting you to reach your goal.

PERSONAL MONTHLY BUDGET	
ACTUAL MONTHLY INCOME	
Income 1 (Difference actual from period)	
Extra income	
Total monthly income	
EXPENSES	Projected Cost
HOUSING	
Mortgage or rent	
Phone	
Electricity	
Gas	
Water	
Cable	
Maintenance or repairs	
Other	
SUBTOTALS	
TRANSPORTATION	Projected Cost
Car Payment	
Bus/Tram fare	
Insurance	
Fuel	
Maintenance	
Other	
SUBTOTALS	
INSURANCE	Projected Cost
Health	
Life	
Other	
SUBTOTALS	
PERSONAL CARE	Projected Cost
Medical	
Hair/nails	
Childing	
Dry Cleaning	
Gym Fees	
Organization dues or fees	
Other	
SUBTOTALS	
EDUCATION	Projected Cost
Video/TV/D	
CDs	
Movies	
Concerts	
Spending events	
Live theatre	
Other	
SUBTOTALS	
EDUCATION	Projected Cost
Student	
Motor Vehicle	
Other Loans	
SUBTOTALS	
FOOD	Projected Cost
Groceries	
Dining out	
Other	
SUBTOTALS	
SAVINGS OR INVESTMENTS	
Golden Harvest	
Fixed Deposit	
Robo-Plan	
SUBTOTALS	
GIFTS AND DONATIONS	Projected Cost
Charity	
SUBTOTALS	
LEGAL	Projected Cost
Attorney	
Alimony	
CAM support	
Other	
SUBTOTALS	
ENTERTAINMENT	Projected Cost
Video/TV/D	
CDs	
Movies	
Concerts	
Spending events	
Live theatre	
Other	
SUBTOTALS	
PROJECTED BALANCE	Projected Income minus expenses
ACTUAL BALANCE	Actual income minus expenses
TOTAL PREDICTED INCOME	
TOTAL PREDICTED EXPENSES	
SURPLUS	

SAVING PRODUCTS

SHARES

To be a member of the Credit Union you must open a Voluntary Share account with a minimum of J\$500.00. This will be your primary savings account which qualifies you for loans. You also must open a Permanent Shares account with a minimum of \$2,000.

Dividends are paid on the Permanent Shares account, as declared at Annual General Meetings (AGM), if there is a surplus and bi-annual interest is paid on the Voluntary Shares account. You are encouraged to make regular contributions to your Voluntary Shares account as it also increases your capacity to borrow. Shares should be considered as permanent savings and not be withdrawn on a casual basis.

Withdrawals from the Voluntary Shares account can only be done at a branch or agency. You will not be able to access these funds via the ATM. Remember the minimum balances required in these accounts must be \$500.00 at all times.

ORDINARY DEPOSIT ACCOUNT

This account is ideally suited for saving money required on call including payment of your periodic and monthly expenses such as utility and other bills. Funds may be withdrawn whenever needed via an ATM card or in branch. Standing order arrangements can also be set up on this account. Additionally, this account earns interest which is credited bi-annually.

GOLDEN HARVEST

This is a flexible medium to long term savings plan designed to help you reach a specific saving goal. The golden harvest allows you to determine how much you want to save and the time frame in which you would like to achieve your goal. It pays an attractive interest rate and your savings goal is insured at no additional cost to you.

PRACTICAL SAVINGS

OPTIONS WITH COMPETITIVE RATES

JUST
ASK US
about



Partner Plan

Your goals... so attainable!



Visit our website for more details:

www.japolicycu.com.jm



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PARTNER PLAN

Similar to the “traditional partner” except you will earn extra hands on your savings, your money is secure and your draw guaranteed.

SAVING PRODUCTS *(continued)*

FIXED DEPOSIT ACCOUNT

A fixed deposit account is one in which a person decides to save a set amount over a set period of time usually, 30, 90, 180 or 360 days at a fixed interest rate. Monies placed in fixed Deposit accounts can be automatically renewed on maturity (at the end of the specified period), meaning the holder can choose to lengthen the period of the deposit. The account holder can also choose to close the account, withdraw interest only, or have it transferred to another account at the end of the period.

SMART SAVERS

Members' children ages from 0 - 16 years old are able to save with the credit union. This helps to develop the habit of thrifty saving.

Interest of 1% above the ordinary deposit rate is calculated daily and paid monthly. This account also qualifies them for GSAT bursaries, scholarships and other prizes.

CHRISTMAS CLUB

Members who are a part of this club save a set amount (determined by them) monthly towards Christmas or end of year expenses.

LOANS

A loan can be defined as an arrangement in which a lender gives money or property to a borrower and the borrower agrees to return the property or repay the money, usually along with interest over a period or at some future time.

We offer loans to our members for a variety of purposes some of which are set out below;

- Motor vehicle purchase
- Education
- Real estate acquisition
- Medical emergencies
- Debt consolidation
- Furniture & computer
- Domestic
- Vacation & travel
- Business Ventures

PRACTICAL SAVINGS

OPTIONS WITH COMPETITIVE RATES

JUST
ASK US
ABOUT



**LIFELINE
ENHANCER**
SAVINGS PLAN

Enjoy higher than average returns



Visit our website for more details:
www.japolicycu.com.jm



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LIFELINE ENHANCER

Lifeline Enhancer is a savings product that offers our members the potential to earn higher returns. Investors can enter the portfolio with a minimum amount of J\$10,000 for a minimum investment period of 5 years. The higher than average returns are achieved through active management of the portfolio and is primarily made up of Government of Jamaica Bonds as well as other short and long term investments. This account operates similarly to a certificate of deposit (CD) with minimum amounts of J\$10,000, to a maximum of J\$1M per annum. The investment tenure must be for a minimum of 5 years to qualify for withholding tax exemption (*conditions apply*). Interest rates are market driven.

LOANS *(continued)*

Our interest rate is calculated on the reducing balance. This means that your interest is calculated on the amount owing and not on the principal sum borrowed.

We offer two basic types of loans;

- a) within savings (fast track)
- b) security (loans above savings)

WITHIN SAVINGS LOANS *(Fast Track)*

These loans are secured by the members' savings at the Credit Union. This allows quick and easy processing, usually within minutes. Fast Track loans attract a lower interest rate than other loans.

SECURITY LOANS *(Loans above Savings)*

You can borrow up to several times the amount in your shares account, subject to your ability to secure and repay the loan. Some acceptable forms of security are

- a) **Cash** – this can be in another financial institution and can belong to the member borrowing or anyone who is willing to use their funds to secure a loan for the member.
- b) **Real estate** - property with a valid certificate of title (that of the borrower or an independent person who is willing to use their property as security on behalf of the borrower.
- c) **Life Insurance with cash surrender value**
- d) **Motor vehicle** – must not be older than twelve (12) years old, and must be comprehensively insured.

INTEREST ON LOANS

Interest rate

An amount charged per year on a loan based on a percentage (%) which varies depending on the type of loan.

Interest on Loans is calculated using one of two methods;

1. **Reducing Balance**
2. **Add on**

It is important to know not just the rate of interest charged on a loan but the method of calculation as the following example will highlight.

INTEREST ON LOANS (continued)

Example

John and James are both seeking loans to purchase motor vehicles. John goes to the Jamaica Police Cooperative Credit Union Ltd. to source financing while James visits ABC Bank Ltd. They are both seeking the same amount of \$1,000,000.00 to borrow.

John is paying back interest at 15% on the reducing balance for five years at the JPol Credit Union Ltd. While James will be paying back interest of 13.5% for five years on an add on basis at ABC Bank. Which one do you think will attract less interest on the loan?

ADD-ON METHOD - (ABC Bank Ltd.)

Add-on Interest

Interest that is computed at the beginning of the loan, then added to the **principal**, so that all must be repaid, even if the loan is paid off early. The result of this is **interest** charges that can be double that of interest on the reducing balance

Here the lender calculates the total interest charge by multiplying the principal loan amount by the contractual interest rate, and then multiplying the total interest cost by the period (months or years) of the loan. The total interest charge is thus:

$$I = A \times B \times N,$$

where I = total interest charge over the life of the loan,
 A = Amount of loan granted,
 B = contractual interest rate per time period and
 N = Number of periods covered by the loan.

The total interest charge over the life of the loan is added to the loan amount granted divided by the number of periods covered by the loan to determine the monthly repayment amount.

Interest Charged	= \$674,922.65
Total Repayment	= \$1,674,922.65
Monthly Repayment	= \$27,915.35

Your effective rate per annum therefore is 25%

THE REDUCING BALANCE METHOD

(Jamaica Police Cooperative Credit Union Ltd.)

Here the interest is computed in each period by multiplying the contractual interest rate by the principal balance outstanding at the beginning of the period (the unpaid balance). The major difference between this method and the add-on method is that interest is not charged on principal that has already being repaid. With the process of not charging interest on principal already paid the result in the interest charge on the overall loan granted would be less and would make the monthly repayment much lower than that of the add-on method.

Example: John

Using the same parameters as above the result would be as follows:

Loan Amount	\$1,000,000.00
Interest Rate	15%
Number of Monthly installments	60
Finance Charge or interest	\$ 428,080.55
Total Repayment	\$1,428,080.55
Monthly repayment	\$ 23,801.00

Your effective rate per annum remains at 15%

WHAT IS TOTAL DEBT SERVICING RATIO?

This ratio compares your total debt obligations for the month to your monthly income (before taxes). Your total debt (for this purpose) includes the following:

- Monthly credit card payments
- Mortgage or rent payments
- Monthly loan payments
- Monthly student loan payments
- Monthly hire purchase payments
- Monthly utility payments
- The new monthly debt obligation (i.e. the monthly payment for the loan you are applying for)

Total Debt Servicing Ratio = Total Debt for the month / monthly income
(before taxes)

(TDSR = TDM / MI)

This calculation must be less than or equal to 40% in order to qualify for the loan.

Examples/Activities – if your **monthly income is \$2,300** and you have the following monthly debt obligations:

- credit card payment of \$40
- rent \$400
- hire purchase payment \$125
- new debt obligation of \$280

What is your TDSR? Is it within the allowable limit?

OTHER SERVICES

FAMILY INDEMNITY PLAN (FIP)

This plan is offered only to credit union members. It allows you to insure your family (a maximum of six persons including yourself) for one low monthly premium. The Family Indemnity Plan is designed specifically to assist with funeral expenses. There are five plans to choose from, with premiums starting from as low as \$384.00, to a high of \$1,920.00.

PLAN BENEFIT	INDIVIDUAL PREMIUM	MONTHLY
A	\$80,000.00	\$422.40
B	\$120,000.00	\$633.60
C	\$150,000.00	\$792.00
D	\$250,000.00	\$1,320.00
E	\$400,000.00	\$2,112.00

The plan covers the member, a spouse (married or unmarried), children between 1-25 years old, and any combination of up to two (2) parents or parents-in-law who have not yet attained age seventy six (76) at the time of enrolment.

SALARY DEDUCTIONS

Salary deductions are deducted from salary and sent to the credit union for posting on the first working day of the following month. Your salary slips will reflect a line item labeled – Ja. Police Credit Union followed by the total amount being deducted for us. We will then post the respective amount to your account as per your signed agreement.

Monies posted to share account cannot be withdrawn with an ATM card. You must visit one of the branch offices or an agency to withdraw these funds.

STANDING ORDER PAYMENTS

You can make arrangement to have monthly payments for insurance premiums, hire purchase payments etc. done on your behalf by the Credit Union.

INTERNET LINK TO YOUR ACCOUNT (i-Link)

You can also access your account, check balances and transfer funds within your JPOL account using the internet.

It is simple and easy to use. Follow the steps below to keep an eye on your money;

- Visit your credit union and fill out an application form
- Make a note of your login code and password
- Visit us online at www.japolicecu.com.jm
- Click on i-link and follow the instructions.

BILL PAYMENT (optional)

Pay your utilities and other bills at the Bill Express located at selected branch offices of JPOL.

AUTOMATED TELLER MACHINES (ATM)

JPOL has two ATM strategically located at

- Jamaica Police Academy (JPA) and Mobile Reserve; *however funds can be accessed from any machine with a Multilink sign using your Automated Banking Machine (ATM) Card known as your Access Plus Card.*
- You are automatically offered an Access Plus card when you apply for membership. It must be noted that this card will be immediately suspended if it is abused.

ATM CARD PROTECTION AND SAFETY POINTERS

- Keep your ATM Access Plus card secure at all times
- Never allow another person to use your card
- Never allow your card to be out of your sight for point of sale transactions
- Protect your PIN. Do not write it down or share it with anyone else
- Use another card with a magnetic strip to gain entry to the ATM, e.g. your Magna or Toll card.
- If you are no longer utilizing your ATM card, dispose of it by cutting it up
- Preferable, use ATMs that are part of financial institutions building, as the presence of security guards tends to deter fraudster and other undesirables.
- At nights; use ATM in a well lit area
- Be aware of your surroundings.
- If possible have someone accompany you to be on the lookout.
- Look out for person(s) who are loitering; if you feel uncomfortable for any reason leave.
- Do not count cash in the machine or outside.

GLOSSARY

Assets:

all property and cash that is owned by a person.

Compounding Interest:

this is earning interest on interest

Dividends:

share of the credit union profits that are paid to the members of that credit union.

Down Payment:

is when someone wishes to borrow money and is required pay a percentage of the cost for the item. It is important to save, as this will also affect your ability to and the amount you can borrow.

Financial planning:

a plan for managing all aspects of a person's money

Investment:

setting money aside for future revenue, benefit or for meeting specific goals

Principal:

in terms of investing this refers to the amount of money you have invested, in terms of lending this refers to the amount of money you borrowed.

Become a Member

& shape your own economic success



Past and Present members of the JCF, District Constables, employees of the Ministry of National Security and their relatives, join the Jamaica Police Co-operative Credit Union Ltd. today and benefit from our many products and services designed to make life better for you!

Ask about our:

- **LIFELINE ENHANCER SAVINGS PLAN**
- **PERSONALIZED WITHDRAWAL LIMITS FOR ABM**
- **SHARE ACCOUNTS**

- Qualifies you for loans
- Saving on a regular basis increases your capacity to borrow!

FIXED DEPOSITS

- Minimum deposit - \$10,000
- Competitive interest rates on 30 -365 days deposits
- No penalty for adding funds

FAMILY INDEMNITY PLAN

- One low monthly premium
- Covers up to six eligible family members, (including yourself) for one low monthly premium
- No medical required

GOLDEN HARVEST

- Competitive interest rate
- Ideally for achieving goals e.g. motor vehicle, vacation, university education, property etc.

GIFT CARDS

- The ideal gift for any occasion



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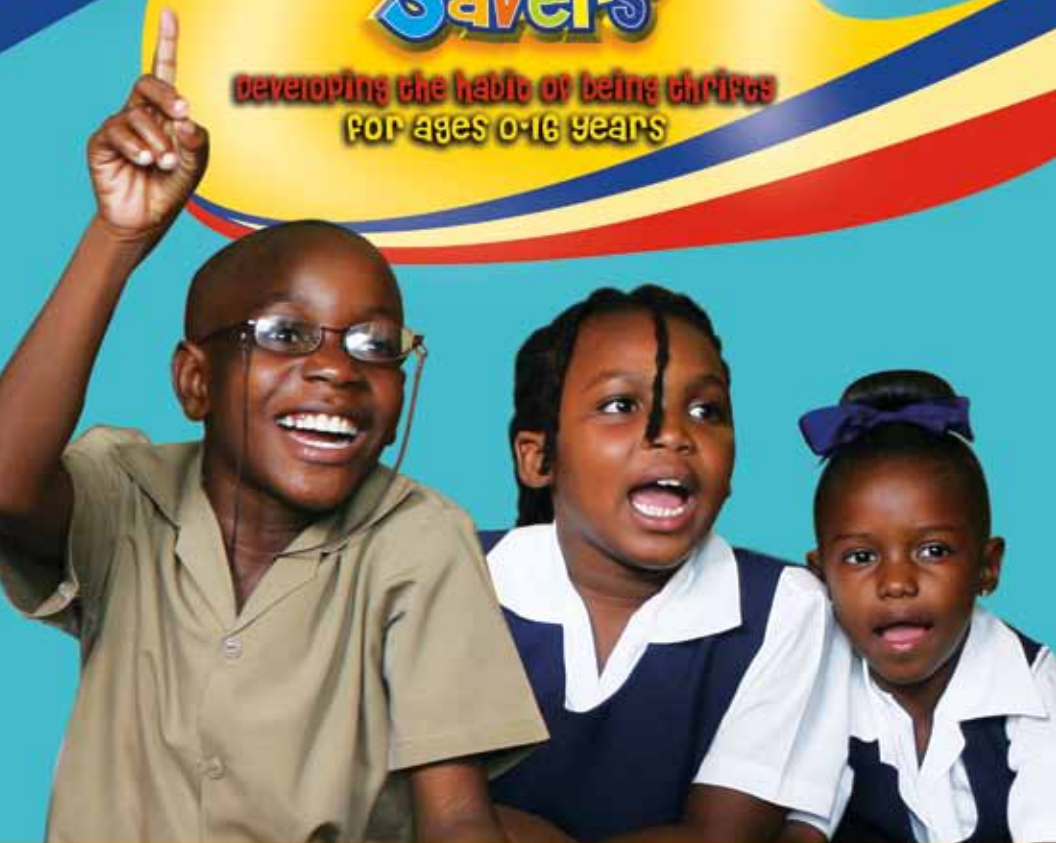


IT'S never too early

for

JPOL
**Smart
Savers**

developing the habit of being thrifty
for ages 0-16 years



JUST
ASK us
about it!



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Visit our website for more details:
www.japolicecu.com.jm



LOCATIONS

KINGSTON- Head office

122 Harbour Street, Kingston
Tel: 922-6682-3 (876) 618-1624/8 [Digicel] Fax: 967-2994

MONTEGO BAY

Bay West Shopping Centre
Harbour Street, Montego Bay
Tel: 952-7248 (876) 296-1063 [Digicel] & (876) 778-2884 [LIME] Fax: 952-2830

ST. MARY

Pompano Commercial Complex
Tower Isle, St Mary
Tel: 975-5317 Fax: 975-4162

ST. CATHERINE

Shop #26, Portmore Pines Plaza
Tel: 989-1808 (876) 283-1636 [Digicel]

MANCHESTER

Shop #42, Golf View Plaza, Mandeville
Tel: 961-4076 Fax: 961-5961

NEGRIL AGENCY

Tel: 957-9786

BLACK RIVER AGENCY

Tel: 965-9306

MAY PEN AGENCY

Tel: 986-9524

ST. ANN'S BAY AGENCY

Tel: 972-7368

ST. THOMAS AGENCY

Tel: 1-876-486-8458

OVERSEAS

FLORIDA - Tel: 1-954-607-7146

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