

## Saving Plans

### Frequently Asked Questions

***Q: What are Term Deposits?***

A deposit held at a financial institution that has a fixed term. These are generally short-term with maturities ranging anywhere from a month to a few years. When a term deposit is purchased, the lender (the customer) understands that the money can only be withdrawn after the term has ended or by giving a predetermined number of days notice.

***Q: Who should invest in Term Deposits?***

Term deposits are an extremely safe investment and are, therefore, very appealing to conservative, low-risk investors.

***Q: What is Inflation?***

Inflation is the increase in the quantity of money and money substitutes which causes the level of prices of goods and services to increase over time.

***Q: How does inflation affect me?***

With inflation, your 'real' return decreases over time since the value of your Rupee today is not the same tomorrow. Therefore, it is important to invest your cash into something that provides you a return which is higher than the rate of inflation.

***Q: What is Interest Rate?***

The monthly effective rate paid (or received, if you are a creditor) on borrowed money. Expressed as a percentage of the sum borrowed

Borrowing PKR1,000 at a 6% interest rate means that you would pay PKR 60 in interest on an annualized basis.

***Q: What is a Fixed Interest Rate?***

A loan or mortgage with an interest rate that will remain at a predetermined rate for the entire term of the loan.

***Q: What is a Variable Interest Rate?***

An interest rate that moves up and down based on the changes of an underlying interest rate index.

***Q: What is a Floating Interest Rate?***

An interest rate that is allowed to move up and down with the rest of the market or along with an index. This contrasts with a fixed interest rate, in which the interest rate of a debt obligation stays constant for the duration of the agreement.

A floating interest rate can also be referred to as a variable interest rate because it can vary over the duration of the debt obligation.

***Q: What is NSC?***

NSC stands for National Savings Certificate which provides the depositor the benefit of investing for at least 3 years & can en-cash a portion of it every 6 months.

***Q: What is DSC?***

DSC stands for Defence Savings Certificate where depositors have to maintain their investment for at least 10 years & don't have the benefit for encashment before the maturity of the tenure itself.

***Q: What are CODs?***

CODs stand for Certificate of Deposits. A COD is a time deposit similar to savings account but having a specific, fixed term (often three months, six months, or one to five years) with either a fixed or a variable profit rate and the principal amount to be held to maturity.

The Step Up Savings Plan and the Variable-Rate Savings Plan are CODs offered by IGI Investment Bank.

COIs (Certificate of Investments) and CODs are often used interchangeably, the only difference between COI and CODs is that COIs can be issued only over 90 days whereas CODs can be issued for 30 days and over.

***Q. What is the difference between the Step Up Savings Plan and Variable-Rate Savings Plan?***

The Step Up Savings Plan offers fixed returns for durations ranging from 1 month to 3 years according to the profit payment frequency, either monthly, quarterly, semi-annually and annually, whichever suits the depositor.

The Variable Rate Savings Plan provides a varying profit rate based on changing KIBOR rates. Rates can be revised either monthly based on 1M KIBOR; Quarterly, on 3M KIBOR; Semi-annually, on 6M KIBOR and Annually, on 1Y KIBOR. The depositor has the option to choose the interval at which the rates are revised. The profit is paid at the time of revision.

***Q: How do I find out the current profit rate on CODs of IGI Investment Bank?***

The updated rates are available on our website: [www.igiinvestmentbank.com.pk](http://www.igiinvestmentbank.com.pk)

***Q: How is the profit calculated on my deposit?***

Profit is calculated based on the KIBOR - the Karachi Inter-Bank Offer Rate.

***Q: What is minimum and maximum amount I can deposit in the Saving Plans?***

Minimum deposit amount is PKR 100,000 for both the Step Up and Variable Rate Saving Plan. However, there is no maximum amount for investing in our Saving Plans. However, amounts equaling to or greater than PKR 5,000,000 may be eligible for special interest rates.

***Q: Why should I Invest in IGI Investment Bank Saving Plans?***

The Step Up Savings Plan is ideal if you want to invest your money for a fixed period, with the security of a known return. You can deposit for terms as short as 30 days and as long as 3 years based on your requirements.

The Variable-Rate Savings Plan provides the benefit of rising interest rates to the Depositor. The Variable rate deposit plan is highly beneficial for long-term deposits. Instead of keeping a fixed rate of return, you can receive a rate of return that reflects the financial conditions of Pakistan.

***Q: What is a Maturity Date?***

The date on which the principal amount of a note, draft, acceptance bond or other debt instrument becomes due and is repaid to the investor and interest payments stop. It is also the termination or due date on which an installment loan must be paid in full.

The maturity date tells you when to expect to get your principal back and how long to expect to receive interest payments.

***Q: What happens at Maturity?***

At maturity you can:

- Automatically re-invest your funds for another term
- Add extra funds
- Withdraw part or all of the funds

***Q: Can I withdraw all or part of funds before maturity?***

If something unexpected happens and you need to access your funds before the end of term, you can withdraw your funds but may incur penalty.

***Q: What if I want to withdraw cash before maturity?***

On premature encashment 0.5 % will be deducted from the rate specified w.r.t. the deposit for which you have invested. (Example: 13.50% return will become 13.00%)

***Q: What all taxes are applicable?***

Zakat and Withholding tax will be deducted at source as per applicable rules.

***Q: What is the minimum period for keeping the deposit?***

If the duration of deposit chosen is above 3 months itself, the deposit should be kept for a minimum of 3 months.

***Q: Does an investor have to purchase in units or he can just invest?***

They do not have to purchase any fixed units example: they can even invest any amount they deem appropriate. Further the principal amount plus profit can be re-invested upon maturity as per the prevailing rates.

***Q: What is the mode of investment?***

Cheque or Pay Order drawn on a Pak-Rupee bank account.

***Q: What option do I have for encashment?***

Encashment can be done for the entire amount or any portion of it. There is no standard amount or rate of withdrawal.

***Q. What if my certificates are lost or stolen?***

The depositor needs to inform the Bank immediately if their certificates are lost or stolen. The Bank will cancel the current certificates and reissue new certificates to the depositor. It is advised that photocopies or scanned copies of the original certificates are kept with the depositor as a precautionary measure.

***Q: What are my other investment options with IGI Investment Bank?***

Depending on your personal investment objectives, you may wish to consider one of our other investment products. We have a range of options to suit every investment need to help you achieve your goals.

Our Investment Advisors would be happy to discuss your options with you at your convenience. Please call 0800 2 34 34 or email us at [contact.center@igi.com.pk](mailto:contact.center@igi.com.pk) to arrange for an appointment.