

# **ROTCO SACCO SHARE CAPITAL GUIDE**

## **Building Ownership. Securing the Future.**

Prepared for ROTCO Savings and Credit Co-operative Society Limited

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### **1. INTRODUCTION**

A SACCO is not just a place to save money, it is a place to build ownership, security, and financial independence.

At ROTCO SACCO, every member is not only a saver but also an owner. Share Capital gives members ownership rights in the SACCO and creates the financial foundation that supports growth, lending, and long-term sustainability.

This guide helps members understand the importance of Share Capital, how it works, and why it is one of the most powerful tools for wealth creation within the SACCO.

### **2. WHAT IS SHARE CAPITAL?**

Share Capital is the permanent ownership contribution made by members to the SACCO. Unlike ordinary savings, Share Capital represents your stake in the SACCO. It gives you legal ownership and strengthens the SACCO's financial position.

Think of it this way:

**Savings = Access**

**Share Capital = Ownership**

Savings help you qualify for loans.

Share Capital makes you part-owner of the institution.

Without strong Share Capital, a SACCO cannot grow sustainably.

### 3. DIFFERENCE BETWEEN SAVINGS AND SHARE CAPITAL

<b>Feature</b>	<b>Savings</b>	<b>Share Capital</b>
Purpose	Regular deposits	Ownership contribution
Withdrawal	Can be withdrawn under policy	Usually non-withdrawable
Loan Qualification	Yes	Supports long-term credibility
Dividends	Usually interest earned	Dividends paid from profits
Ownership Rights	No	Yes
Permanence	Flexible	Permanent

Both are important, but they serve different purposes.

Savings support personal growth.

Share Capital supports institutional growth.

### 4. WHY SHARE CAPITAL MATTERS

Share Capital is important because it:

#### **Strengthens the SACCO**

It creates financial stability and increases lending power.

#### **Supports Loan Access**

Financial institutions and regulators look at capital strength before supporting a SACCO.

#### **Creates Ownership**

Members become stakeholders, not just customers.

#### **Generates Dividends**

Profits can be shared among shareholders.

#### **Builds Long-Term Wealth**

It creates value beyond monthly savings.

#### **Supports Expansion**

New products, branches, technology, and partnerships depend on strong capital.

Strong Share Capital means a stronger future for all members.

### 5. MINIMUM SHARE CAPITAL REQUIREMENTS

ROTCO SACCO requires members to progressively build their Share Capital to support institutional growth.

#### **Proposed Structure**

- Minimum Membership Registration Fee
- Monthly Savings Contribution
- Monthly Share Capital Contribution
- Target Minimum Share Capital Threshold

(Exact figures to be approved by Board and AGM resolution.)

Members are encouraged to increase Share Capital beyond the minimum because ownership creates long-term benefits.

The more you own, the stronger your future returns.

## **6. HOW MEMBERS BUILD SHARE CAPITAL**

Members can build Share Capital through:

### **Monthly Contributions**

Regular monthly deposits dedicated to shares.

### **Lump Sum Deposits**

Members may make one-time larger investments.

### **Dividend Reinvestment**

Annual dividends may be reinvested into shares.

### **Special Capital Drives**

Board-approved campaigns for accelerated capital growth.

### **Group Contributions**

Self-help groups and investment clusters may jointly strengthen capital participation.

Consistency matters more than speed.

Small monthly contributions create powerful long-term results.

## **7. BENEFITS OF SHARE OWNERSHIP**

### **Ownership Rights**

You become a true stakeholder in the SACCO.

### **Voting Rights**

You participate in major decisions during AGMs.

### **Leadership Eligibility**

Strong Share Capital improves eligibility for leadership roles.

### **Dividends**

You benefit from profit sharing.

### **Institutional Security**

Your ownership helps strengthen member trust.

### **Better Opportunities**

A stronger SACCO creates stronger products for all members.

### **Legacy Building**

Your investment creates value for future generations.

## **8. DIVIDENDS EXPLAINED**

Dividends are returns paid to members from SACCO profits.

At the end of the financial year, after expenses, reserves, and approvals, the SACCO may distribute part of the profits to members based on: **Share Capital Held**

The higher your shareholding, the stronger your dividend potential.

Dividends are not guaranteed every year.

They depend on:

- SACCO profitability
- Financial performance
- AGM approval
- Regulatory compliance

Dividends reward patience, commitment, and ownership.

## **9. SHARE CAPITAL WITHDRAWAL POLICY**

Share Capital is designed to be permanent.

This means:

**It is generally not withdrawable like normal savings.**

This protects the strength and stability of the SACCO.

Exceptions may only apply under specific legal and policy conditions such as:

- Formal member exit
- Transfer of membership
- Death settlement procedures
- Board-approved exceptional circumstances

Members should view Share Capital as a long-term investment, not short-term cash.

## **10. LONG-TERM WEALTH CREATION THROUGH SHARES**

Wealth is not built through income alone.

It is built through ownership.

When members consistently grow Share Capital:

- Dividends increase
- Financial strength improves
- Institutional trust grows
- Loan access becomes easier
- Future opportunities expand

The strongest members are not always the highest earners.

They are the most consistent builders.

Share Capital is a wealth strategy, not just a requirement.

## **11. MEMBER RESPONSIBILITIES**

Every member should:

- Understand SACCO policies
- Build Share Capital consistently
- Attend AGMs
- Participate in decision-making
- Support institutional growth
- Encourage other members
- Protect SACCO integrity
- Promote transparency and accountability

Ownership comes with responsibility.

Strong members create strong institutions.

## **12. FREQUENTLY ASKED QUESTIONS**

### **Can I withdraw Share Capital anytime?**

No. Share Capital is generally permanent and follows withdrawal policy guidelines.

### **Is Share Capital the same as savings?**

No.

Savings support transactions and loan qualification.

Share Capital gives ownership rights.

### **Do I earn dividends automatically?**

Dividends depend on annual profitability and AGM approval.

### **Can I increase my Share Capital voluntarily?**

Yes.

Members are encouraged to grow beyond the minimum.

### **Why is Share Capital required for leadership?**

Leadership should come from members who have demonstrated commitment and ownership.

## **13. ROTCO SHARE CAPITAL GROWTH STRATEGY**

ROTCO SACCO aims to build a strong capital base through:

### **Member Education**

Continuous awareness on ownership and wealth creation.

### **Consistent Monthly Contributions**

Promoting disciplined contribution culture.

### **Youth Investment Programs**

Bringing young members into ownership early.

### **Group Investment Mobilization**

Empowering self-help groups and clusters.

### **Dividend Reinvestment Programs**

Turning annual returns into long-term growth.

### **Strategic Partnerships**

Using strong capital to unlock bigger opportunities.

The goal is simple:

**Strong Capital = Strong SACCO**

## **14. CONCLUSION**

Savings may support today.

Share Capital builds tomorrow.

Every member of ROTCO SACCO has the opportunity to move from participation to ownership.

Ownership creates confidence.

Ownership creates stability.

Ownership creates legacy.

Do not only save.

Build.

Do not only borrow.

Own.

Do not only participate.

Lead.

**ROTCO SACCO**  
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