Standard Bank

Pension-backed home loans

An affordable home loan guaranteed by your pension fund

You may qualify for a PBL home loan if …

- You are formally employed and belong to **KZN Municipal Pension Fund**
- You have a withdrawal benefit of at least R11 000 in your pension fund (see your fund statement)
- You can afford the monthly repayments and you have been employed at your current employer for at least one year
- You have no administration orders against your salary
- Repayments on your current PBL loan are up to date if you want a second PBL loan

What are the benefits of a PBL home loan?

- There are no bond registration costs or delays and no property assessment fees
- You can use a PBL loan to buy vacant land or built house or improve your current home
- You have optional credit life insurance to pay off your loan if you die or are disabled
- The repayments are conveniently deducted from your salary or wages and paid to the bank
- You get PBL account statements every quarter
- You may apply for a second loan after paying the first loan for at least three months

How does a pension-backed loan work?

- Every month you contribute money to the pension fund for your retirement
- The fund uses your savings to provide a loan guarantee to Standard Bank (if you fail to repay the PBL loan, the fund will use your retirement savings to settle the loan)
- The monthly repayments are deducted from your salary or wages to repay your loan
- The loan has to be repaid by your normal retirement age or if you leave the fund before then

What can you use the money for?

The Pension Funds Act says that pension-backed loans can only be used for housing, that is:

- You and/or your dependants must occupy the property as their normal residence
- To buy or improve or repair residential property
- Pay for registration & transfer costs
- To pay off another home loan
- You must own the property
- Use it as a deposit when buying new home

How much can you borrow?

It depends on how much you have saved in the pension fund and how much you can afford:

- You can borrow up to the equivalent of **50%** of your withdrawal benefit in the pension fund
- Your monthly loan repayments may not exceed 35% of your monthly income after deductions
  Note: your pension fund may set stricter rules.

How much does it cost?

- The interest charged on your loan is **Prime less 1.25%** (currently 10%)

What happens …

If you leave your present employer and they stop deductions? Or if you are placed under administration order?

- The bank will ask the fund to settle your loan using your savings in the fund.

If you need to reduce your monthly repayment because of financial difficulties? Or you have to take unpaid leave and will have no income for a short period?

- You can ask your employer to talk to the bank about reducing your repayment amount

Are the any other important rules?

- The maximum loan term is 15 years or normal retirement age (63), whichever comes first
- If the prime rate changes, your loan term will adjust rather than your repayment amount unless you are too close to normal retirement age
- There are measures in place to confirm that the loan will be used for housing purposes

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Pension Backed Lending - Housing loans

Standard Bank Centre, 1 Kingsmead Way, Kingsmead, 4001

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Checklist of documents required in order to apply for a housing loan (Please bring the original documents, we can certify on your behalf)			
1	Identity Book	**2**	Marriage Certificate (if married within community of property)
3	Pension Fund Statement	**4**	Written consent from spouse
5	Quotation (proof of what the housing loan is going to be used for)	**6**	Proof of Address a letter in your name showing your home address OR a letter from the Councillor) – must be dated within the last three months)
7	Bank Statement (3 months)	**8**	Payslips (3 months – up to & including current month)

Please take note

Your loan application will not be successful if any of the following applies to you:

1. You are currently UNDER DEBT REVIEW
2. You are currently UNDER ADMINISTRATION (even if you provide a letter from your administrator)
3. You are currently in ARREARS (behind with payments) on any accounts.