

Frequently Asked Questions (FAQs) on Pension-Backed Mortgage

1. **What is the objective of the pension-backed mortgage?**

This guideline was developed by the National Pension Commission (PenCom) to enable Retirement Savings Account (RSA) holders access part of their RSA balance and use it as an equity contribution toward securing a residential mortgage. It is also focused on bridging the deficit in housing as well as improving the standards of living of RSA holders under the CPS by facilitating their ownership of residential homes during their working life.

2. **What is the minimum/maximum amount from my RSA balance that can be used as equity contributions for the mortgage?**

The maximum amount to be withdrawn for equity contribution for the residential mortgage should not be more than 25% of the total RSA balance as of the date of application, irrespective of the percentage of equity contribution required by the mortgage provider. Where 25% of the RSA balance is more than the required equity contribution, the RSA holder can only access an amount equivalent to the equity contribution required by the mortgage providers. Where the 25% is less than the equity required, the RSA holder must have deposited the difference with the mortgage lender with evidence before applying for the 25%. Please note that this supplementary fund cannot be withdrawn during the application process.

3. **What do I do if 25% of my RSA balance is not up to the required equity contribution?** The RSA holder can utilize the contingency portion of their Voluntary Contributions, NSITF and Pre-Scheme contributions (if any) as equity contributions. He/she shall sign a consent with his/her PFA to that effect. Where the contingent Voluntary Contribution, NSITF and Pre-Scheme is still not sufficient, the RSA holder is expected to deposit the difference with the mortgage lender with evidence before applying for the 25%.

4. **Are there some mandatory requirements to access the pension-backed mortgage?** Yes, an RSA holder who wishes to apply for the pension-backed mortgage must have completed the Data Recapture Exercise and must have both employer and employee's mandatory contributions for a cumulative period of 60 months.

5. **If I have utilized 25% of my RSA savings for equity contributions for a residential mortgage, can I still access 25% of my remaining balance in a situation where there is a job loss?**

RSA holders that have utilized 25% of their RSA savings for equity contribution for a residential mortgage are eligible for payment of 25% of their RSA for temporary job loss, provided that such withdrawal is made after four months of cessation of employment, and the RSA holder has not secured another job. The RSA holder will, however, execute a consent form with his/her PFA before accessing 25% of the remaining RSA balance.

6. **Are there particular Mortgage Lenders (primary mortgage bank or a commercial bank licensed by the Central Bank of Nigeria which has residential and commercial mortgage lending as a permissible activity) that I can initiate the mortgage with?**

You can only engage with institutions licensed by the CBN to provide residential mortgages and have met the eligibility criteria as prescribed by the CBN from time to time. The National Pension

Commission shall also liaise with the CBN on an annual basis to determine the Mortgage Lenders that meet the requirements of these Guidelines, and the names of same shall be published on the Commission's website annually

7. If I accessed 25% of my funds before the commencement of this guideline, can I still participate in the mortgage?

RSA Holders who had accessed their RSA balance due to temporary loss of employment before the issuance of this Guideline are eligible to access their RSAs for equity contribution provided their RSAs have received employer and employee contributions for a minimum of 60 months from the date of the first contribution

8. Can someone who had accessed 25% of their RSA balance still secure the 25% equity?

Yes. However, the RSA holder will be required to execute a consent form with his/her PFA before accessing his/her RSA balance for the residential mortgage, having accessed 25% of his/her RSA balance earlier due to temporary job loss

9. As a retiree under the CPS, can I access the pension-backed mortgage?

No. Existing Retirees on CPS and exempted persons under the PRA 2014 will not be eligible to participate in the equity contribution from RSA for Residential Mortgage

10. What do I do if 25% of my RSA balance is not up to the required equity contribution? Where the value of 25% of the RSA is lower than the equity contribution required by the mortgage provider, the RSA holder will be required to provide duly endorsed evidence of depositing the supplementary equity contribution from the mortgage provider before he/she can access the RSA balance for this purpose. Please note that this supplementary fund cannot be withdrawn during the application process. Also, the RSA holder can utilize the contingency portion of their Voluntary Contributions (if any). Where an RSA holder wishes to include his/her VC contingent portion, NSITF and Pre-Scheme contribution as equity contribution, he/she shall sign a consent with his/her PFA to that effect

11. What documents am I required to provide to access this service?

The RSA holder should provide an Offer Letter for the property duly signed by the property owner and verified by the Mortgage Lender.

12. Can the application for equity contribution for a residential mortgage be submitted by proxy?

No, the application can only be submitted in person.

13. For clients who wish to spread their 25% equity on more than one mortgage, is it possible? Or only one withdrawal is permitted?

According to the guideline, **only** one withdrawal is permitted.

14. Can the mortgage be used for rent payments or ongoing building projects?

No, it cannot. The pension-backed mortgage can only be used for the purchase of residential houses through a mortgage lender.

15. Can spouses who belong to different Pension Fund Administrators (PFAs) and are desirous of accessing 25% of their RSA balance jointly secure the equity for their mortgage? How will they go about it?

The guideline clarifies that each RSA holder must individually meet the eligibility criteria; thus they would apply separately based on the amount they can access.

16. As a Micropension Client, how do I qualify for this service?

A Micropension contributor will be eligible to access equity contributions for a residential mortgage provided he/she has made contributions into his/her RSA for a minimum period of 60 months. Where the Micro Pension Contributor wishes to include his/her contingency portion as equity contribution, he/she will sign a consent with his/her PFA to that effect.

17. For clients who have accessed 25% of their RSA balance, can they still secure the 25% equity?

Yes, they can. However, RSA holders will execute a consent with the PFA.

18. Must I have a cumulative contribution of 60 months to qualify for the pension-backed mortgage?

An RSA holder can apply provided that he/she has a cumulative minimum period of up to 60 months of employee/employer contributions in their Retirement Savings Account.

19. If an RSA Holder decides to discontinue the process midway, can it be reversed? Yes.

Where the RSA holder or the Mortgage Lender cannot continue with the mortgage before the execution of the "Deed of Assignment", the Mortgage Lender shall refund the equity contribution to the PFC.

20. In the case of joint applicants, what happens upon the death of one of the parties? Where the death occurs before the execution of the "Deed of Assignment", the surviving partner has the following options:

- I. Proceed with the mortgage application until termination where cashflow is considered adequate.
- II. Terminate the application where cashflow is considered inadequate.
- III. Downscale the property to a smaller property that will accommodate the cash flow of the surviving partner. In this instance, the applicant will start the application process afresh.