

PENSION BACKED HOME LOANS



pension
backed
home
loans



YOUR FUNDS ANNOUNCE....

Sentinel Mining Industry Retirement Fund and Mine Employees Pension Fund are pleased to announce that an agreement has been concluded with Iemas (Co-operative) Limited for the provision of home loans secured by a portion of a contributing member's accumulated pension capital in terms of Section 19(5) of the Pension Funds Act No. 24 of 1956.

DO YOU WANT TO BUILD OR BUY A HOUSE?

In essence this product will enable members of the Funds to obtain home loans at very competitive interest rates, utilising their accumulated retirement savings to guarantee such loans.

These loans **have to be utilized for housing purposes**. This does not mean that you have to buy a house – you may utilise the loan to improve an existing house, to purchase a stand or material to erect a house. You don't have to erect a house in a specific area either and may even do so in rural areas **provided that you and/or your dependants live in it!**

As a contributory member, you will be able to access this product if your employer agreed to deduct monthly loan repayments directly from your salary.

IMPORTANT ASPECTS TO CONSIDER

Members are cautioned to carefully consider the following before they apply for a home loan:

- **Affordability**

Although the approval of any loan is subject to the conditions of the National Credit Act, applicants must ensure that they can afford the monthly repayment throughout the contract term, even if interest rates increase. A comparison between your existing monthly household budget and an adjusted one that includes the loan repayment and accompanying costs should reflect whether you can afford it or not.

- **Additional costs**

In addition to the monthly repayment, the following costs are normally associated with ownership of one's own house and cannot be ignored when affordability is determined:

- o Additional travelling costs to and from work, schools, shops, etc. as you may be moving away from your employer's premises.
- o Insurance premiums to cover damage or loss to the structure of the house.
- o Assurance premiums towards a credit life policy to cover the outstanding balance of the loan in the event of your death or disability.
- o The cost of maintaining the property. This does not only include fixing things when they break or painting every 5 or 6 years, it also includes paying municipal rates and taxes, water, electricity, telephone, security services, garden services, etc.
- o Costs relating to moving into a new suburb, i.e. relocation costs, new school uniforms, etc.

These costs should not prevent you from buying a family home, it should be considered carefully and budgeted for properly to minimise unpleasant surprises.



BRIEF PRODUCT SUMMARY

Maximum loan amount	50% of the member's fund credit value.
Citizenship limitations	Loans are available to citizens of neighbouring countries as well.
Credit screening and loan conditions	<p>Credit screening is done by lemas. Each loan is evaluated on an individual basis with reference to the applicant's personal profile. The following are some of the criteria applied:</p> <ol style="list-style-type: none"> 1 The net disposable amount of an applicant must be such that after the instalment and other obligations related to the loan have been taken into consideration, he/she: <ol style="list-style-type: none"> (i) has sufficient funds available to meet his/her basic living requirements. (ii) will take home the minimum net remuneration as agreed with the employer. 2 The debt exposure of a particular member in relation to such a member's gross net remuneration is taken into account. 3 The size of the loan is related directly to the term of the loan and the instalment the applicant can afford in terms of the principles stated in 1 above. 4 All debt is taken into account in determining the net disposable amount. The external debt declared by the applicant is checked by referring to external databases. 5 Credit bureau information is obtained and considered. The nature and scope of the information is evaluated. The mere fact that a sentence or other negative information is on record does not disqualify an applicant for a loan, but it indicates that the risk must be analysed in greater depth. 6 The applicant must be the legal owner of the property and it must be registered in the name of the applicant or his/her spouse. He/she cannot merely be the tenant of the property. 7 If the property is situated in a rural area, the permission and approval of the tribal chief is needed. 8 The member and/or his direct dependants must occupy the property.
National Credit Act and FSP registration/licenses	lemas complies with all material requirements of the National Credit Act. lemas is an authorised provider of financial services and a registered credit provider.
lemas Home Assist	lemas home assist is offered free of charge to all our members with a home improvement or informal housing loan. This service will refer a member to quality domestic tradesmen or appliance (excluding audio and computer) repairmen and will also cover the call-out and the first hour's labour. With emergency notification and call-out service, lemas Home Assist will help members request, relay and notify all the applicable emergency services by making only 1 call to lemas Home Assist. lemas Assist will notify all the relevant parties on their behalf if they lose credit cards, debit cards, etc.
Payment method and default procedure	Payment of instalments is made through a salary deduction by the employer concerned. Should the member, for whatever reason, no longer be in a position to honour the financial commitment of the Pension loan, remediating steps (such as financial counselling and restructuring) will be considered in consultation with the Fund Trustees.
Loan originating process	lemas has a national infrastructure and the application process will be handled by lemas. The employer is not involved in any administration regarding applications or enquiries.
Credit life insurance	Credit life insurance is offered against death and disability.

BEWARE, THIS COULD INFLUENCE YOUR RETIREMENT PLANS

The basis on which this product works is that a portion of your retirement saving in the Fund is set aside as surety for the loan. For as long as the monthly loan repayment is deducted from your salary, your retirement capital will not be affected. However, if you default on the repayment or resign from your employer, the surety provided by the Fund may be called up which will result in the settlement of the outstanding loan from your retirement capital. The portion of your Fund Credit which is utilised to settle the outstanding loan will be subject to tax.

LIFE OR CREDIT LIFE ASSURANCE: A CRITICAL ELEMENT TO CONSIDER

A life policy will cover the outstanding balance of the loan in the event of your death. Your dependants will therefore receive a better death benefit because the outstanding loan will not be settled with a portion of your Fund Credit and they will not be left with debt. There are, however, important matters to consider in this regard:

- o Credit life policies are available that will cover the outstanding amount or an existing life policy can be utilised for this purpose, in other words you don't have to take out additional cover if you already have a policy in place.
- o Should you decide to take out a new policy, ensure that you know exactly what you are paying for, i.e. what is the premium, if the premium escalates how often and by how much, does the cover remain fixed or does it diminish or increase into the future, does the cover cease when the loan is repaid or can the cover be extended beyond the loan period, etc.
- o Last but definitely not least, don't forget to test the premium, with the other associated costs mentioned above, in terms of affordability.

TO FIND OUT MORE OR TO APPLY

If you require detailed information about this product, please contact the lemas consultant in your area or your Human Resource Department for information regarding presentations, consultations or literature.



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