

Pension Backed Home Loan Scheme

Brochure



Turning your pension into a key for home ownership.



The Fund Administrator

First Capital Treasury Solutions (Pty) Ltd (FCTS) was established in 2009 as a Fund Management Company. FCTS is licensed to provide both listed and unlisted fund management. The fund offers investment management and creates wealth opportunities through a unique blend of traditional asset management and alternative investment services.

FCTS has an agreement in place with the Government Institution Pension Fund (GIPF) for the provision of home loans secured by a portion of a member's Pension or Retirement Savings (Fund Credit) in terms of Section 19(5) of the Pension Funds Act No. 24 of 1956.

For purposes of this Scheme FCTS is referred to as the Administrator.

What is Pension Backed Home Loan (PBHL)

Unlike a traditional home loan where you need a mortgage bond or deposit before you can qualify, the PBHL allows you to use up to one-third of your pension benefit as collateral. This means your retirement savings are not withdrawn but simply pledged as a guarantee for the loan. Through the PBHL, active GIPF members can buy a house, build a new house, make improvements or extensions to an existing home, or redeem an existing home loan from another financial institution.

Why Choose PBHL

- Applicable to property financing in towns and villages.
- Up to one-third of your pension pledged as security, no mortgage bond.
- Affordable interest rate at Repo rate + 2.5% (variable).
- Flexible repayment terms of up to 20 years (but not beyond your retirement age).
- Settle early without penalties.
- Government's HOSSM housing subsidy applicable.

Who Can Apply?

You must be an active GIPF member who is currently employed and contributing monthly towards your pension with GIPF. Retired, resigned, dismissed, suspended or medically boarded members are not eligible to apply.

However, as a GIPF member on disability and receiving 75% of your salary from GIPF, you may qualify to participate in the scheme provided you can afford to repay the loan after consideration of all your expenses. However, you will not be entitled to the government housing subsidy benefit, and your monthly instalment will be deducted directly from the GIPF's benefits department instead of payroll deduction.

Married couples can also apply jointly under the PBHL, enabling them to combine their pension credits and increase the qualifying loan amount.

The Loan Purposes

- Settle an existing home loan.
- Purchase an existing residential property.
- Acquire land and construct a residential property.
- Renovate and extend an existing home.

Excluded Loan Purposes

- Personal loans.
- Business ventures.
- Farming activities.
- Vehicle purchases.
- Commercial properties.
- Movable assets or land.

Loan Term & Repayment

- Minimum loan amount is N\$5,000.00
- Maximum loan amount is based on members affordability and limited to one-third of the pension benefit.
- Interest rate is Repo + 2.5% (variable meaning that should the repo rate change by being lowered or increased by the Bank of Namibia, the interest rate charged will be adjusted accordingly).



- Repayment period up to 20 years, but not beyond member's retirement age.
- Repayment method is monthly instalments deducted directly from your payroll (with exceptions).
- Loan may be settled early without penalties.
- If the member resigns, retire, is dismissed, or pass away, the outstanding loan balance must be settled in full (usually from your pension benefit).

Can You Afford the Loan?

The 33.33% is the maximum collateral limit, not the automatic loan amount to be granted. Your actual loan amount is determined by an affordability assessment, which looks at whether you can comfortably manage the monthly home loan instalments without causing financial hardship.

Affordability is key because the PBHL loan must be repaid fully before retirement, and the instalment will be deducted from your salary every month. Even if your pension is large enough to provide the full 33.33% collateral, you may not qualify for that amount if your income cannot support the required monthly repayment. Affordability also helps protect you from over-indebtedness and reduces the risk of default, which could affect your credit record and your future ability to access housing finance.

Example

A member has a pension withdrawal benefit of N\$1,200,000. Based on this, one-third (N\$400,000) could theoretically be pledged as collateral. However, the member's salary and household expenses show they can only afford monthly repayments of N\$4,000. At the given interest rate and term, this translates into a loan of only N\$250,000, not the full N\$400,000. The member still benefits from the HOSSM subsidy, but must ensure that their own contribution is affordable.

What Happens if You Leave GIPF or Default?

If you resign, are dismissed, retire, or pass away, any outstanding loan may be settled from your pension credit. This means that the portion used to settle the loan will reduce the benefits available to you at retirement or to your dependents at death. However, in the event of death, the ceded life cover will be used to settle the outstanding loan balance, ensuring that no amount is withdrawn from your pension credit for this purpose. Members are required to inform FCTS of any changes in employment or GIPF membership to prevent penalties, delays, or complications in managing their loan.

Unfortunately, if you default on repayments (for example, fall into arrears for three consecutive months), FCTS reserve the right to initiate legal action to recover the arrears and/or the full outstanding amount. Such action may result in additional measures, including ITC listing and exclusion from future participation in the scheme.

How Does The Home Loan Application Work?

- Member collects the application form from our office or downloads/completes it online via our website www.firstcapitalnam.com
- Submit the completed form with supporting documents (ID, Pension Credit Statement, payslip, 3 months bank statements, HOSSM booklet, proof of property ownership or allocation and proof of residence).
- FCTS verifies and assess the information to confirm affordability and ownership of land.
- Pension cession pledge form is completed and confirmed by GIPF.
- Loan is either approved or declined; if declined, reasons are given, and you may re-apply.
- For approved loans, funds are paid directly to the seller, contractor, or supplier, not into member's account.
- Where construction or renovations are involved, the

Apply Online!

to know your pre-approved amount.

administrator supervises progress with site inspections before releasing each payment, but the overall responsibility remains with the member to supervise the contractor and ensure progress on his/her property.

- Monthly repayments are deducted from your salary until the loan is fully settled.

Insurance and Your PBHL Loan

- Life insurance is mandatory under the PBHL, to ensure that, in the event of death, the loan is fully settled and the member's pension benefit is preserved for dependents.
- In proclaimed areas (towns and cities), property insurance is mandatory. This ensures that if the member's house is damaged or destroyed by risks such as fire, flooding, or other disasters, the insurer steps in to cover the costs.
- In unproclaimed areas (villages), property insurance is generally not available. This means that the member carry the full risk if disaster strikes. For example, if a house financed under PBHL is destroyed by fire or severely damaged by flooding, there is no insurer to cover the loss. The loan will still remain payable in full, and instalments must continue to be deducted from the member's salary.
- Whether in a town or a village, it is the member's responsibility to manage these risks. Building in unproclaimed areas carries higher risk, and members should carefully weigh these realities before borrowing.

Fees and Costs

The below fees are associated with the PBHL, and based on affordability, these are included in the member's loan amount.

- Initiation and administration fees.
- Valuation and/or inspection fees.
- Conveyancing fees, where applicable.

Your Role vs Their Role

Member

- Provide accurate information.
- Use funds strictly for housing.
- Repay monthly instalments on time.
- Supervise your property contractor.

FCTS

- Process and assess applications.
- Disburse funds directly to service providers.
- Inspect properties and report to GIPF.

Employer

- Deduct and remit your instalments.
- Confirm employment status.

GIPF

- Protect your pension benefit.
- Register and manage your pledge.

Abuse of the Scheme

Any attempt to misuse it will not be tolerated. If abuse is detected, the loan may be cancelled, the outstanding balance recovered directly from your pension benefit, and the member may be blacklisted from accessing PBHL or similar housing facilities in the future. In serious cases, fraud may also be reported to law enforcement. Abuse of the Scheme includes:

- Submitting false or forged documents.
- Using loan funds for non-housing purposes such as buying cars, running a business, or personal spending.
- Colluding with contractors to inflate prices, divert materials, or claim for work not done.
- Attempting to access multiple loans on different properties in violation of the rules.

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