



FNB Pension Backed Loan

what you need to know
FAQs



What is an FNB Pension Backed Loan?

An FNB Pension Backed Loan is an alternative property financing solution. It is issued by FNB and secured against your pension fund value, if the intended use is in line with the governance as set out by the Pension Funds Act.

Who can apply for an FNB Pension Backed Loan?

You may apply for the loan if you are a member of your pension fund, and if there is an agreement in place between FNB, your fund, fund administrator, and your employer.

What can an FNB Pension Backed Loan be used for?

You can use it for home improvements such as renovations, alterations, maintenance, eco-friendly energy solutions, settling a home loan, or paying off a part thereof, and/or paying costs associated with registering a new home loan.

Will my pension fund value reduce when I apply for an FNB Pension Backed Loan?

No, your pension fund will remain the same and grow as you make contributions. The only difference is that a portion of your funds will be used as security until your loan is paid up or you exit your fund prior to the loan being paid up.

What is the qualifying criteria to apply for an FNB Pension Backed Loan?

You will need to be 18 years or older; be a contributing member of the fund where there needs to be an agreement in place between FNB, the pension fund, fund administrator and the your employer; be in employed a minimum period of 12 months and we will need to look at your affordability in line with the NCA and the FNB Credit Policy.

What is the maximum term?

The maximum loan term is 20 years or the retirement age, based on whichever comes first.

How can I apply for an FNB Pension Backed Loan?

You can apply using one of these three options:
SMS the word 'Home' to 30752 at no cost to you, email us on pensionlendingdoc@fnb.co.za or contact our call centre on 087 730 1144/55 for an application form.

How long will it take to receive feedback on my application?

Around 5 to 10 business days from application date.

Would I be able to apply for a fixed interest rate?

No, the interest rate cannot be fixed. This is a variable rate linked to the bank's prime lending rate and is subject to change.

Can I pay off an existing home loan or pay off a lump sum towards the home loan?

Yes, you can use the funds in your FNB Pension Backed Loan to pay a lump sum towards settlement of a home loan, in line with the guidelines as set out by the Pension Funds Act and National Credit Act.

Will I be able to use the funds to cover a property deposit and/or transfer costs?

Yes.

Do I need insurance cover when taking out an FNB Pension Backed Loan?

Depending on your pension fund's requirements, it may not be mandatory to have insurance. The bank does recommend an FNB Customer Protection Policy which covers you in the event of death, disability, unemployment or the inability to earn an income. In the event of temporary disability or inability to earn income, your monthly repayments will be paid for up to 12 months, and in the event of death or permanent disability, the outstanding balance will be paid in full.

Would I be able to cede my own life policy instead of taking up the Consumer Protection Plan with FNB?

Yes, it is only mandatory if the fund deems it so.

What fees are applicable to an FNB Pension Backed Loan?

An initiation fee and monthly service fee will be charged at the value agreed with your Fund.

Can I pay back my FNB Pension Backed Loan early and is there an early settlement fee?

Yes, you will need to request a settlement amount which will include the accrued interest until the date of settlement. There is no early settlement fee.

You can contact FNB for a settlement on 087 736 3610

If I have a complaint or query, who can I contact?

You can contact our team on 087 730 1144/55 or email us at pensionlendingdoc@fnb.co.za

How are repayments collected?

Payments are deducted from your salary and paid over to FNB who will allocate it to your FNB Pension Backed Loan account.

Can I ask my payroll department to reduce my monthly deduction if I am unable to pay my normal repayment?

No, your payroll department must pay the amount as per the contract agreement. You would need to contact FNB Collections team directly if you are struggling to keep up with your monthly repayment agreement.

Where can I find my statements?

This is emailed to you on a quarterly basis, or can be found on FNB Online Banking or the FNB App if you have an existing profile.

Can the loan be used for a property outside of South Africa?

The Pension Funds Act does not make provision for properties outside the borders of South Africa.

My home loan is not with FNB, can I still have an FNB Pension Backed Loan?

It is important to note that your home loan could be with any financial institution and not necessarily with FNB. The fund must sign an agreement with FNB to offer participating members' access to a Pension Backed Loan secured by your pension/provident fund.

What happens if I die or become permanently disabled?

If your insurance policy is in place and up to date, the bank shall claim the outstanding amount from your insurer, in the event of death or permanent disability. If there is no insurance in place, your fund will be required to settle the outstanding amount.

Will I be able to apply for a second loan or top up my existing FNB Pension Backed Loan?

You are only allowed to have one FNB Pension Backed Loan at a time. Should you require further additional funds, you would need to apply for an FNB Top-Up Loan. The application will need to be scored based on your affordability in line with the NCA and the FNB Credit Policy.

Once the FNB Top-Up portion has been approved, we will need to settle and pay off your existing loan and the proceeds after will be paid over to you. Once the existing account is paid off and closed a new account will be opened which will include the FNB Top-Up portion.

If I have an existing pension backed loan with another service provider that has an arrangement with my company, can I have an additional pension backed loan with FNB?

No, you would need to settle the existing loan as the fund can only provide surety for one loan. If your fund allows this, FNB will permit more than one pension backed loan.

What happens if I exit or terminate the fund?

As per the agreement between you and your fund, the outstanding balance will need to be paid to FNB before your exit or terminate the fund.

The following options are available in the event of your membership termination to settle your loan in full:

- Use cash
- Use the funds held by your pension fund. Should you move to a new pension fund and they have an agreement in place with us, together with your new employer, you do have the option to transfer the loan to the new fund

The bank suggests that you seek financial consultation prior to deciding so your choices are fully understood. Should you not repay the loan or exit the fund, your retirement savings will be used to settle the loan, which may have tax implications.

What alternative energy solutions can I finance with a Pension Backed Loan?

You can finance the following alternative energy solutions from a solar provider:

- Solar UPS Systems
- Domestic Solar Geysers
- Pool Solar Heating
- Inverter attached to electrical board.
- Lithium batteries. This would usually be a hybrid system comprising of:
 - Solar panels
 - Inverter (to convert solar DC to AC)
 - Battery's to store the energy

Tip: Ensure the installer has the following: Evidence of qualifications and experience, e.g. SAPVIA PV green card, a P4 certificate from AREP and a reference list. Plus, get evidence from the department of labor registration.





Contact us

SMS 'Home' to 30752

Email pensionlendingdoc@fnb.co.za

Call 087 730 1144/55

Terms and conditions apply.