SENTINEL
retirement fund

PENSION BACKED HOME LOAN

Brochure – July 2026

Your Future Preserved

Sentinel has an agreement in place with Imas Finance Co-operative Limited (Co-operative) Limited for the provision of home loans secured by a portion of a contributing member's accumulated retirement savings (Fund Credit) in terms of Section 19(5) of the Pension Funds Act No. 24 of 1956.

THE PRODUCT

The Pension Backed Home Loan product enables a member of the Fund to obtain a home loan at a competitive interest rate, utilizing his/her Fund Credit to guarantee the loan.

The loan MUST be utilized for housing purposes. This does not mean that you must buy a house. You may utilize the loan to improve an existing house, to purchase a 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 the house!

As a contributory member, you are able to access this product if your employer has monthly loan repayments directly from your salary. This is done through an agreement between your employer and IMas.

IMPORTANT CONSIDERATIONS

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, especially 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 show you if you can afford it or not. Affordability assessments and loan approval are conducted by IMAS, not by the Sentinel Retirement Fund.

- **Additional Cost**

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

  - Additional travelling costs to and from work, schools, etc.
  - Insurance premiums to cover damage or loss to the structure of the house.
  - Assurance premiums towards a credit life insurance policy to cover the outstanding balance of the loan in the event of your death or disability.
  - The cost of maintaining the property.
  - Municipal and other costs such as rates and taxes, water, electricity, security, etc.
  - The cost of moving into a new house i.e. relocation costs, new school uniforms, etc.

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

WARNING

The basis on which this Pension Backed Home Loan works is that a portion of your retirement saving in the Fund is utilised as surety for the loan. For as long as the monthly loan repayment is deducted from your salary and paid to IMas, your retirement capital will not be affected.

However, if you default on repayment, or upon termination of your employment 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 also be subjected to tax. Should your Fund Credit be utilised to settle the outstanding balance of the loan, your future retirement plans will be seriously hampered.

LIFE OR CREDIT LIFE ASSURANCE

A life policy may cover the outstanding balance of the loan in the event of your death. Your dependents will therefore not be required to settle the loan from a portion of your Fund Death Benefit, and they will not be left with debt. There are, however, important considerations in this regard:

- 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.
- Should you decide to take out a new policy, ensure that you know exactly what you are paying for, i.e. what the premiums will be, if the premium escalates and by how much, does the cover remain fixed or does it reduce 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.
- Last but definitely not least, don't forget to test the premium, with the other associated costs mentioned above, in terms of affordability.

HOW TO APPLY OR OBTAIN MORE INFORMATION

If you require detailed information about this product or want to apply for a pension backed home loan, please contact the IMas consultant in your area or ask your Human Resource Department for information or obtain and read IMas literature.

Sentinel does not process IMas applications – these **MUST** be sent to IMas directly.

PRODUCT SUMMARY

1. **Rate of Interest**

   Please contact IMas for their latest interest rates before you apply. Members may receive the IMas bonus on interest which effectively reduces the interest rate

2. **Maximum loan amount**

   50% of the member's Fund Credit value

3. **Maximum term**

   Maximum of 20 years period limited to age 60

4. **Citizenship limitations**

   Loans are available to RSA citizens & citizens of neighbouring countries.

5. **Credit screening and loan conditions**

   Credit screening is done by IMas. Each loan is evaluated on an individual basis with reference to the applicant's personal credit profile. The following are some of the criteria applied:

   a) 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:

      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.

   b) The debt exposure of a particular member in relation to such a member's gross and net remuneration is considered.

c) 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.

d) All debt is considered in determining the net disposable amount. The external debt declared by the applicant is checked by referring to external databases.

e) 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.

f) 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.

g) If the property is situated in a rural area, the permission and approval of the tribal chief is required.

h) The member and/or his direct dependants must occupy the property.

6. National Credit Act and FSP registration/ licenses

IMas complies with all material requirements of the National Credit Act and is an authorized provider of financial services and a registered credit provider

7. Payment method and default procedure

Payment of instalments is made through a salary deduction by the employer. Should the member, for whatever reason, no longer be in a position to honour the financial commitment of the loan, remediating steps (such as financial counselling and restructuring) will be considered in consultation with the Fund.

8. Loan originating process

IMas has a national infrastructure, and the application process will be handled by IMas. The employer is not involved in any administration regarding applications or enquiries.

9. Credit life insurance

Credit life assurance is available for death and disability.

CONTACT DETAILS

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CLIENT SERVICE CENTRES

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