



PENCOM ISSUES GUIDELINES ON ACCESSING RETIREMENT SAVING ACCOUNT BALANCE TOWARDS PAYMENT OF EQUITY CONTRIBUTION FOR RESIDENTIAL MORTGAGE

On 23rd September 2022, the National Pension Commission (the “Commission”) released the Guidelines on Accessing Retirement Saving Account (“RSA”) Balance towards Payment of Equity Contribution for Residential Mortgage by RSA Holders (the “Guidelines”). The Guidelines permit RSA holders to utilise part of their retirement savings as equity contributions for the purpose of securing a residential mortgage and is applicable to employees in active employment as salaried employees or self-employed persons, pension fund administrators and custodians licensed by the Commission and Mortgage Lenders licensed by the Central Bank of Nigeria.

The aim of the Guidelines, amongst other things, is to provide potential homeowners with access to additional equity financing and to provide a sustainable source of long-term finance to the mortgage sector.

To be eligible, the RSA holder must meet the following conditions, amongst others:

- (a) The RSA Holder must have an offer letter for the property duly signed by the property owner and verified by the mortgage lender.
- (b) Contributions must have been made to the RSA of the applicant for not be less than a cumulative minimum period of 60 months (five years).
- (c) applicants who are less than three years from their retirement are not eligible.

- (d) RSA Holders who registered prior to 1st July 2019 are required to update their records through the RSA data recapture exercise.

Other things to note:

- (a) There is a 25% RSA cap on the amount an RSA Holder may withdraw, notwithstanding the value of equity contribution required by the mortgage lender.
- (b) The Guidelines permit married couples to make a joint application, however, they must individually satisfy the eligibility requirements.

The Guidelines were issued pursuant to Section 89 (2) of the Pension Reform Act 2014 and became effective on the date of issuance i.e., 23rd September 2022.

For further information, please send an email to uubo@uubo.org.

This update has been provided by the Corporate Advisory team at Udo Udoma & Belo-Osagie. For more information about our corporate advisory practice offering, please email us at uubo@uubo.org.