

Why Choose a CedisPay Pension-Backed Loan Over Withdrawing from Your Tier 3 Pension?



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Why Choose a CedisPay Pension-Backed Loan?

Tier 3 Pension Withdrawal:

- 15% tax penalty for early withdrawals
- Lose compounding interest (21% per annum)

CedisPay Pension-Backed Loan:

- Low-interest rate (1.8% per month, 21.6% per annum)
- No tax penalties
- Preserve retirement savings
- Flexible financial solutions

Benefits:

- Avoid tax penalties
- Maintain growth of savings through compounding interest
- Access funds at a lower interest rate
- Preserve retirement savings
- Flexible financial solutions

Conclusion:

- Choosing a CedisPay pension-backed loan is a smarter choice than withdrawing from your Tier 3 pension
- Join us at CedisPay and discover how our innovative pension-backed loans can help you manage your finances more effectively



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Savings Calculation: CedisPay Pension-Backed Loan vs. Withdrawal from Pension Tier 3

Scenario Assumptions

- Tier 3 Pension Annual Growth Rate: 21%
- CedisPay Loan Interest Rate: 21.6% per annum
- Early Withdrawal Tax Penalty: 15%
- Loan Amount / Withdrawal Amount: GHS 15,000
- Time Period for Analysis: 1 year

Financial Impact of Withdrawal from Pension Tier 3

1. Tax Penalty: GHS 2,250
2. Effective Withdrawal Amount: GHS 12,750
3. Loss of Compounding Interest: GHS 5,400

Financial Impact of Taking a CedisPay Pension-Backed Loan

1. Interest Paid: GHS 3,240
2. Total Cost of Loan: GHS 18,240
3. Future Value of Pension if Not Withdrawn: GHS 18,150

Comparison of Outcomes

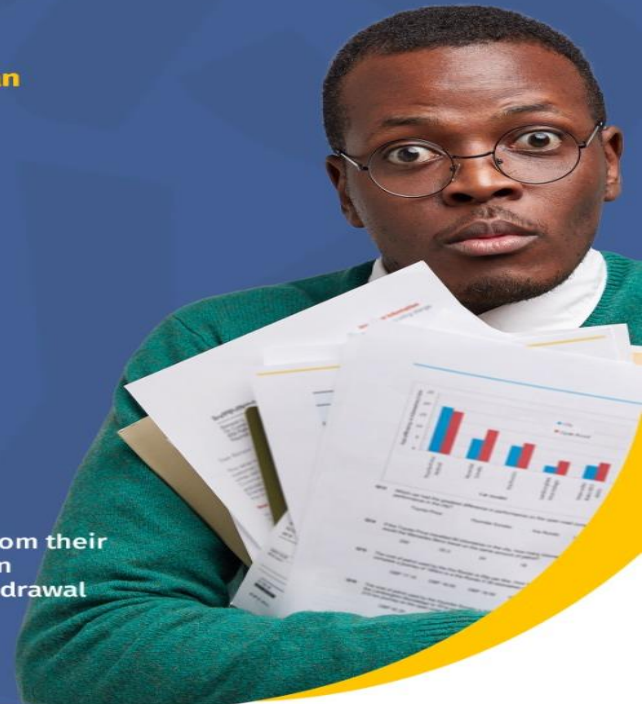
1. Net Amount from Withdrawal: GHS 12,750
2. Total Cost of Loan: GHS 18,240
3. Future Value of Pension Retained: GHS 18,150

Savings Calculation

1. Savings Due to Avoiding Tax Penalty: GHS 2,250
2. Loss of Future Value Avoided: GHS 5,400
3. Net Loss from Withdrawal: GHS 5,400
4. Net Cost of Loan: GHS 90
5. Total Savings: GHS 5,310

Conclusion

By taking a CedisPay pension-backed loan instead of withdrawing from their Tier 3 pension, a customer saves a total of GHS 5,310. This calculation demonstrates the significant financial benefit of avoiding early withdrawal tax penalties and preserving the future value of the pension.



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Why Choose a CedisPay Pension-Backed Loan Over Withdrawing from Your Tier 3 Pension?

Tier 3 pension contributors in Ghana represent a financially prudent demographic dedicated to saving for a secure retirement.

Although participation in Tier 3 pensions is voluntary, many contributors face a significant dilemma.

When confronted with pressing financial emergencies, they hesitate to withdraw their savings due to potential tax implications and other financial consequences.

Here's a detailed look at why opting for a CedisPay pension-backed loan is a smarter choice than withdrawing from your Tier 3 pension.

Understanding the Tier 3 Pension Withdrawal Process

Tax Penalty:

- Early withdrawals from a Tier 3 pension account, made within ten years and not intended for mortgage purposes, incur a substantial 15% tax rate.
- This tax penalty can significantly reduce the amount of money you receive, making it an expensive option during financial emergencies.

Loss of Compounding Interest:

- Tier 3 pensions are benchmarked to 182-day treasury bills, which average over 21% per annum.
- Withdrawing funds means losing out on the powerful compounding interest that could significantly grow your savings over time.

The Advantages of CedisPay Pension-Backed Loans

Low-Interest Rates:

- CedisPay offers an exceptionally low-interest rate of 1.8% per month, amounting to an annual rate of just 21.6%. This is significantly lower than Ghana's reference rate of 32%.
- This favorable rate ensures that you can manage your financial emergencies without incurring exorbitant costs.

No Tax Penalties:

- By opting for a CedisPay pension-backed loan, you avoid the 15% tax penalty associated with early withdrawals from your Tier 3 pension.
- This means more of your money remains invested and continues to grow, safeguarding your future financial stability.

The Advantages of CedisPay Pension-Backed Loans

Preservation of Retirement Savings:

- Taking a loan against your pension ensures that your retirement savings remain intact and continue to benefit from the compounding interest.
- This helps maintain your long-term financial goals and retirement plans.

Flexible Financial Solutions:

- CedisPay provides tailored financial solutions that align with your needs, ensuring you receive support during emergencies without compromising your future.
- The loan process is designed to be quick and efficient, providing you with the funds you need when you need them most.

The Financial Prudence of Tier 3 Pension Contributors

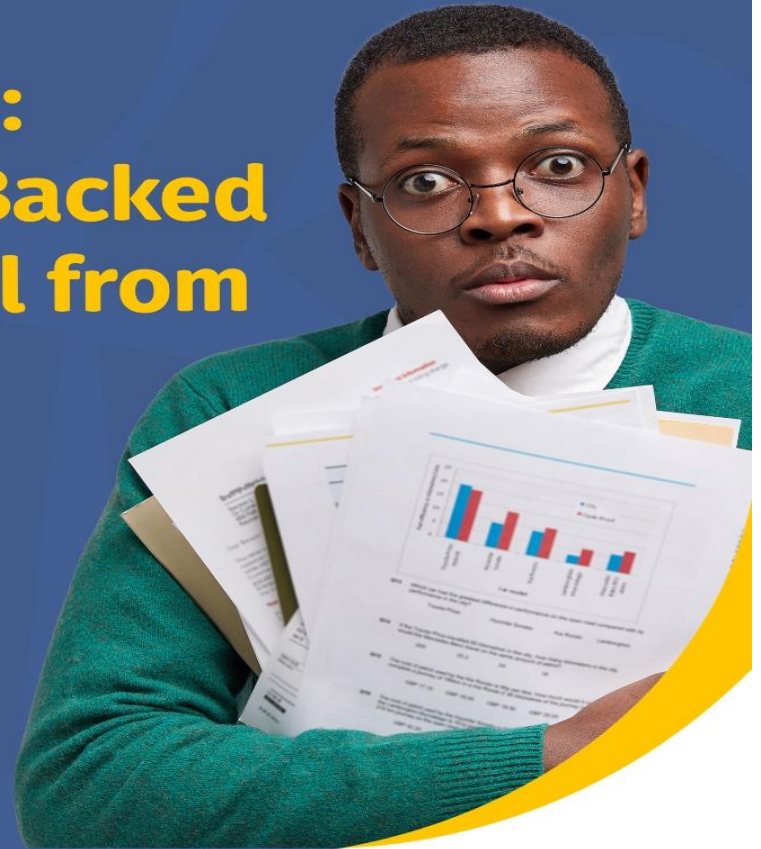
Commitment to Saving:

- Tier 3 pension contributors demonstrate a strong commitment to saving for retirement, reflecting a conscientious and financially prudent mindset.
- This dedication to financial planning makes a pension-backed loan a more suitable option compared to depleting retirement funds prematurely.

Impact of Early Withdrawals:

- Early withdrawals can disrupt your long-term savings plan, making it harder to achieve your retirement goals.
- By opting for a pension-backed loan, you preserve your retirement savings and continue to build a secure financial future.

Savings Calculation: CedisPay Pension-Backed Loan vs. Withdrawal from Pension Tier 3



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Scenario Assumptions

- Tier 3 Pension Annual Growth Rate: 21% (based on treasury bills)
- CedisPay Loan Interest Rate: 21.6% per annum (1.8% per month)
- Early Withdrawal Tax Penalty: 15%
- Loan Amount / Withdrawal Amount: GHS 15,000
- Time Period for Analysis: 1 year

Financial Impact of Withdrawal from Pension Tier 3

1. Tax Penalty: GHS 2,250 (15% of GHS 15,000)
2. Effective Withdrawal Amount: GHS 12,750 (GHS 15,000 - GHS 2,250)
3. Loss of Compounding Interest: GHS 5,400 (GHS 18,150 - GHS 12,750)

Financial Impact of Taking a CedisPay Pension-Backed Loan:

1. Interest Paid: GHS 3,240 (GHS 15,000 x 21.6%)
2. Total Cost of Loan: GHS 18,240 (GHS 15,000 + GHS 3,240)
3. Future Value of Pension if Not Withdrawn: GHS 18,150 (GHS 15,000 x 1.21)

Comparison of Outcomes

1. Net Amount from Withdrawal: GHS 12,750
2. Total Cost of Loan: GHS 18,240
3. Future Value of Pension Retained: GHS 18,150

Savings Calculation

1. Savings Due to Avoiding Tax Penalty: GHS 2,250
2. Loss of Future Value Avoided: GHS 5,400
3. Net Loss from Withdrawal: GHS 5,400
4. Net Cost of Loan: GHS 90
5. Total Savings: GHS 5,310 (GHS 5,400 - GHS 90)

Conclusion

By taking a CedisPay pension-backed loan instead of withdrawing from their Tier 3 pension, a customer saves a total of GHS 5,310. This calculation demonstrates the significant financial benefit of avoiding early withdrawal tax penalties and preserving the future value of the pension.

next steps

How to Apply

To apply for a CedisPay pension-backed loan, simply follow these easy steps:

1. Visit our website: <https://cedispay.com.gh/>
2. Under the "Apply for a loan today" section, click "Read me/Watch me first" to learn about our loan process.

Choose your preferred loan option and apply online.