

'Yusr' Loan for Pensioners

Policy Name:	'Yusr' Loan for Pensioners	
Policy Reference No.	08/2014/HRPN	
Policy Custodian:	Anjab al Lawati	
Related Policies or Documents	New policy	
Related legislations	N/A	
Supersedes:	N/A	
Endorsed by:	Ibtisam al-Riyami People & Change Director	Signature: 
Effective Date:	1 st December, 2014	
Next Review Date	2017	
Contact for Queries	Anjab al-Lawati, PCR/1	

1. PURPOSE

'Yusr' [meaning 'ease or assist' in Arabic] loan scheme is aimed at helping retired Omani staff who are on PDO pension. It is intended to ease their likely financial difficulty or unforeseen hardship situation. Examples include, but not necessary limited to, certain medical costs, fee payment of education of children, maintenance cost due to severe weather condition, etc. To ease such difficulty, Yusr scheme will provide no-cost interest-free loan under the terms set out in this policy.

2. SCOPE

This policy applies to eligible PDO pensioners who receive regular monthly pension salary (MPS) from PDO Pension Fund.

3. ELIGIBILITY

To be eligible for a Yusr loan, the pensioner must:

- Be an Omani national;
- Be 75 years or less of age at the time of application;
- Be an active pensioner, i.e. receiving pension salary from PDO Pension Fund;
- Not have been terminated or dismissed due to criminal or disciplinary misconduct;
- Not have any outstanding liability to the Company

4. AMOUNT OF YUSR LOAN

The maximum amount of Yusr loan shall not exceed OMR 5,000. The actual amount will be calculated taking into consideration pensioner's MPS at the time of his/her application as well as the repayment rules set forth below. The approved amount will be a one-off loan and will not be repeated throughout the pension period of the pensioner.

Examples of how the Yusr loan amount and repayments will be calculated are illustrated as part of Q&A in Attachment IV.

5. REPAYMENT

Repayment of Yusr loan shall be in fixed monthly instalment over a period not exceeding 72 months. The instalment amount will be capped to the extent it does not exceeds 15% of pensioner's MPS at the time of approval. This amount will be deducted from his/her MPS directly starting from the following month from releasing the loan to pensioner's bank account with PDO Pension Fund.

6. TOP UP/ADDITIONAL LOAN

During the repayment period of the Yusr loan, no top-up or additional loan amount will be allowed.

7. APPLICATION AND APPROVAL PROCESS

The application and approval process is shown in Attachment I. To apply for the Yusr loan, the applicant should use the application form (Attachment III) which is available at FCP. If the loan is approved, the applicant shall be required to sign a Yusr Loan Agreement (Attachment IV) before releasing the loan amount to his/her bank account. Applicant will be notified in writing on the approval (or rejection) of his/her request.

8. GENERAL RULES

- a. If the pensioner changes his/her Omani nationality after becoming pensioner, he/she will not be eligible for Yusr loan. In the case where he/she has already taken the Yusr loan and then changed the nationality, the Company reserves the right to call for repayment of the unpaid balance in one lump sum.
- b. Family members who receive pension salary of a demised pensioner will not be eligible for Yusr loan.
- c. No roll-over of any outstanding balance from Tas'heel loan (or other Company liability) to Yusr loan shall be allowed in the case where an active employee becomes a pensioner. This requires final settlement of all Company liabilities prior to applying for Yusr loan.
- d. Pensioner who is granted Yusr loan shall agree in writing that in the case of his/her death before full repayment of the loan, the Company shall continue deducting the monthly repayment amount from the MPS which will go to his/her eligible family members.

9. WAIVER

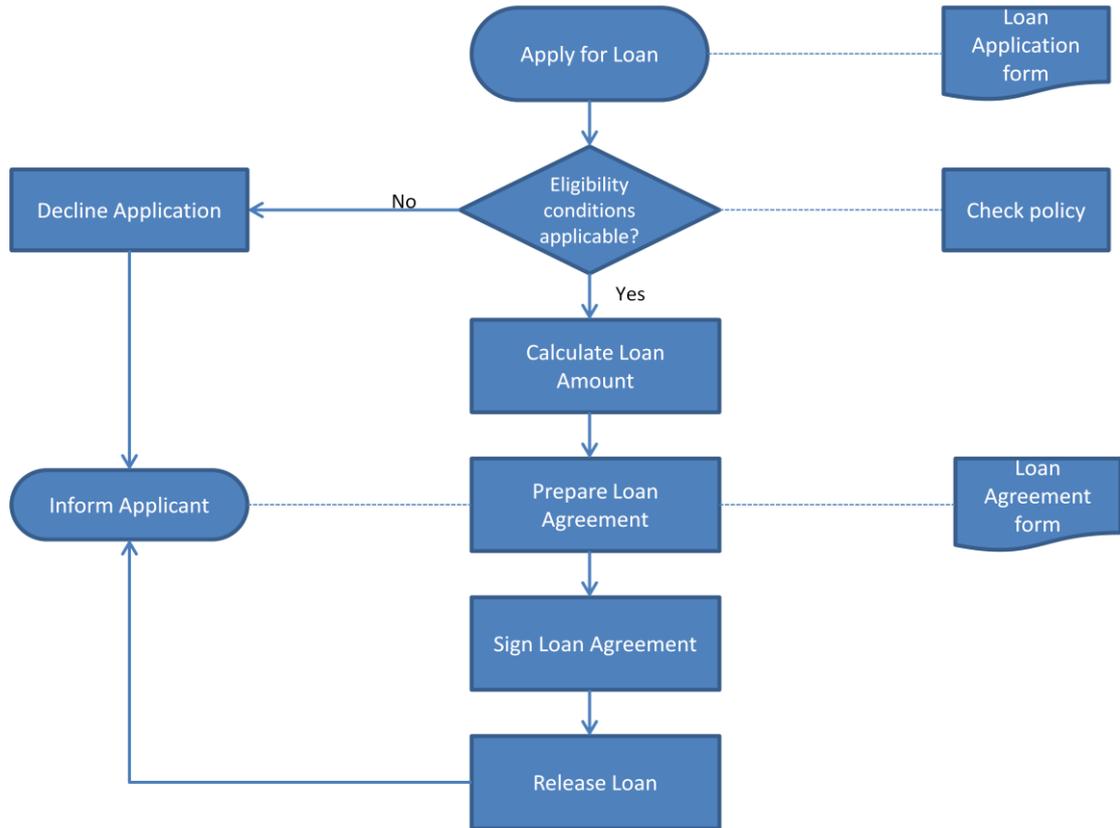
Company reserves the right to waive the unpaid balance of Yusr loan, or part of, in the case when MPS is ceased because of Pensioner's death, which would make the repayment unreasonable. The waiver shall be exercised on a 'case by case' basis at Company's discretion.

10. TIMING

The Yusr loan scheme shall become effective from 1st December 2014.

Attachment I

Application & Approval Process for Yusr Loan



Attachment II

LOAN APPLICATION TEMPLATE

Yusr Loan Application for Pensioners

Note: Application form for Yusr loan is available at FCP.

About You

Full Name:

Pensioner Number:

Current address:
.....
.....

Marital status: Married / Single / Separated / Divorced (please circle)

Date of birth:
(as per PDO records)

Home Phone: Mobile:

I am a PDO pensioner and I hereby apply for a Yusr loan. If I am granted the loan, I agree to repay the loan and abide by the provisions of the Yusr Loan Agreement and the Scheme rules.

Signed: Date:

For use by FCP:

- (Check and confirm eligibility rules)

- (Record loan and monthly repayment amounts if eligible)

Signed: Date:

LOAN AGREEMENT TEMPLATE

Note: Loan agreement is available at FCP.

'YUSR' LOAN AGREEMENT

This agreement is made on _____

BETWEEN:

PDO Pension Fund of Petroleum Development Oman (PDO), L.L.C. , PO Box 81, Muscat, Postal Code 113, (hereinafter referred to as the "Yusr Loan Scheme")

AND

_____, Pensioner No. _____,
Pensioner of PDO (herein after referred to as the "Borrower").

Whereas the Yusr Loan Scheme (YLS) is a scheme established by PDO to help retired Omani staff through provision of loans in accordance with the YLS rules dated November 2014 (and subsequent amendments), which shall form an integral part of this agreement between the two parties;

Now in consideration of YLS loaning certain monies (the "Loan") to the Borrower, and the Borrower repaying the Loan to YLS, both parties agree to the provisions set out in this Agreement:

1. Loan Amount

- 1.1. The YLS agrees to loan Omani Rials (OMR) _____ (in words _____) to the Borrower, and the Borrower agrees to repay this amount to YLS, without interest or administrative fee.
- 1.2. The Loan amount shall be disbursed directly to Borrower's bank account with PDO Pension Fund.

2. Loan Repayment

- 2.1. This Loan will be repaid in consecutive monthly installments of OMR _____ (in words _____) starting from the following month from disbursing the Loan.
- 2.2. The monthly installment shall be deducted directly from the Borrower's monthly pension salary (MPS).

3. Other Provisions

- 3.1. If the Borrower changed his/her nationality during the repayment of the Loan, the Company reserves the right to call for full repayment of the unpaid Loan balance in one lump sum.

3.2. In the case of Borrower's death before full repayment of the Loan, the Company shall continue deducting the monthly installment from MPS which will go to his/her eligible family members.

3.3. The Borrower may request partial or full repayment of the unpaid Loan balance by sending a written request to YLS. Company reserves the right to accept or refuse any such request.

AGREED TO AND ACCEPTED:

Please sign and return to PDO Pension Fund:

Borrower

By, Name: _____ Signature: _____

Pensioner No.: _____

Date: _____

PDO Pension Fund

By, Name: _____ Signature: _____

Title: _____

Date: _____

Attachment IV

Q&A including Example Calculations

In the following Q&A the example calculations are for illustration purposes only. Implicit into these calculations is the assumption that the pensioner satisfies eligibility criteria in the policy.

Q1. How will my Yusr loan and monthly instalment be calculated?

A1. The formula used for calculating your Yusr loan is [15% of your monthly pension salary (MPS) x 72 months]. 72 months is the maximum authorized period to fully recover the loan in fixed monthly instalments. Following examples illustrate different possible situations.

Example 1: My MPS is 280, how much Yusr loan will I get? What will be my monthly instalment for the repayment?

Your Yusr loan = $15\% \times 280 \times 72 = 3,024$ OMR. Your monthly instalment will be $15\% \times 280 = 42$ OMR payable over 72 months.

In this example notice that 280 is the minimum pension salary in PDO at present. At this minimum level, pensioner can apply for 3,024 in Yusr loan.

Example 2: What if my MPS is 400?

Your Yusr loan = $15\% \times 400 \times 72 = 4,320$ OMR. Your monthly instalment will be $15\% \times 400 = 60$ OMR payable over 72 months.

Example 3: What if my MPS is 600?

Using the same formula above, the calculated amount is 6,480. However, since the Yusr loan is capped at OMR 5,000, your loan will be 5,000 and your monthly instalment will be 69.44 OMR payable over 72 months.

Q2. Can I get a top-up or additional amount during the period of repayment of my Yusr loan?

A2. Yusr loan is a one-off amount and no top-up or additional amount will be granted during the repayment period or after the original loan is fully repaid.

Q3. Part of my salary goes to my divorced wife (or other purposes) because of a legal obligation. How will you calculate my Yusr loan and monthly instalment?

A3. Your Yusr loan and monthly instalment will be calculated using the portion of the pension salary that goes to you only. It will be calculated in the same manner as shown in the examples in Q1. In the case where this portion of your MPS is below the minimum pension salary (i.e. less than OMR 280), you will receive less than the calculated minimum loan, i.e. less than 3,024.

Q4. I am on ER/EER and have not reached NRD (60 years). How will my Yusr loan and repayment be calculated?

A4. In calculating your Yusr loan, we will take into consideration that your instalment repayment does not exceed 15% of your MPS at NRD and your repayment period for the loan does not exceed 72 months. Using these two factors, the calculation will be similar to

the examples illustrated above.

Q5. I am on medical retirement and I have not reached NRD. I am entitled to take commutation when I reach NRD. How will my Yusr loan and repayment be calculated?

Q5. The answer to this question is similar to the one in Q4 except for the fact that your loan will be calculated based on your MPS after deducting for the commutation. In all cases the principles stay the same: instalment repayment should not exceed 15% of your MPS and full repayment of the loan is over 72 months from releasing the loan.

Q6. Can I take a smaller Yusr loan than the amount I am eligible for?

A6. Yes you can, bearing in mind that you will not be able to top it up at a later stage.

Q7. Will my monthly instalment increase if my MPS is increased for any reason?

A7. No, your monthly instalment will not increase if your MPS is increased.

Q8. What happens to my Yusr loan balance if I died during the repayment period?

A8. The monthly instalment will continue to be deducted from your MPS which will go to your eligible family members.

Q9. What if I do not have any eligible dependents for my MPS after my death?

A9. In such a case the pension salary will cease and the waiver clause in the Yusr loan policy will be enacted.

Q10. Why is the Yusr loan capped at 5,000 OMR? Why not higher?

A10. At this level, the Yusr loan is equivalent to Tas'heel loan for active PDO employees which, we think, is fair for the purposes it is created.

Q11. Why is the repayment for Yusr loan has to be within 6 years maximum? Why not longer period?

A11. In deciding the repayment period, several options were considered and it was determined that the six year period (72 months) is the most appropriate for PDO pensioners. This option allows all eligible pensioners to receive at least 3,024 OMR at the same time monthly instalment does not exceed 15% of their MPS which means 85% of the remaining MPS is still available to them for other expenditures. This is quite favourable to most pensioners specially the ones with relatively low MPS.

Q12. Why pensioners older than 75 years are not eligible for Yusr loan?

A12. Considering the repayment period, which extends over 6 years, the general life expectancy becomes a factor in this decision. [The Company have had to take into account both the positive benefits of extending loans to pensioners as well as the risk to PDO](#)

associated with failure to repay and has concluded that applying an age cap is a prudent safeguard.

Q13. I have been declined for Yusr loan because I am above 75 years of age. However, my birth date has been changed in my passport/identity card and it shows that I am below 75. Will this change make me eligible for the loan?

A13. The decision on a case like this will be based on your established records at PDO Pension Fund on a 'case by case' basis.

Q14. Will the family members of a demised pensioner be eligible for the Yusr loan?

A14. No they will not; the aim here is help the pensioner who has served this Company.