

# No pension and no house? The effect of LTV limits on the housing wealth accumulation of self-employed

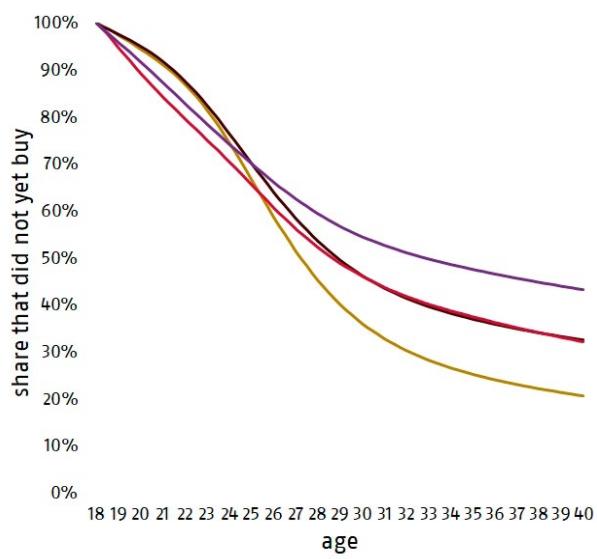
**"Borrowing constraints do not hamper self-employed more than wage-employed"**

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**Buying a home could be an attractive alternative to privately saving for a pension, especially for the self-employed. However, this option could be hampered by borrowing constraints introduced in the wake of the Global Financial Crisis. The higher mortgage down payments required could make it harder for the self-employed to become homeowners and therefore acquire wealth. However that has not proven to be the case. Other factors, such as income volatility, make it harder for the self-employed to obtain a mortgage.**

## Principal Findings

- Borrowing limits did not have a larger effect on self-employed workers relative to wage employed when they decide to buy their first home in the Netherlands
- Borrowing constraints do not specifically impact the ability of the self-employed to save for a mortgage down payment, nor neither have these an impact on the retirement savings decisions of the self-employed.
- Some individuals might have abandoned self-employment to acquire a more favourable mortgage status just before buying a home. However, further research is needed to confirm this possible dynamic selection.



*Figure: Wage employed and self-employed workers are equally delayed by borrowing limits when purchasing their first home: a couple of months.*

## Key Takeaways for the Industry

- Policies aimed at monetising home equity after retirement, such as reverse mortgages and cash-out loans, could affect the self-employed more directly.
- Whether young self-employed people are keener to save for a first home than for a personal pension or other pension alternatives remains unclear, but this choice is not specifically affected by borrowing constraints.



**Want to know more?** Read the paper  
*'No pension and no house?'*