

Cagamas launches RM100 mln Skim Saraan Bercagar

KUCHING: Cagamas Bhd (Cagamas), the National Mortgage Corporation of Malaysia, yesterday introduced a market-first financing solution for retirees, Skim Saraan Bercagar (SSB) to help the elderly fund their retirement.

SSB was launched by Finance Minister, Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz.

The solution allows retirees aged 55 and above, to borrow against the value of their fully paid homes and convert it into a steady monthly cash payout throughout their lifetime to supplement their retirement funds.

"As more Malaysians retire in the future, we must recognise the importance of our retirees and their contribution to a productive economy," Tengku Zafrul said at the launch.

"In this context, the Ministry of Finance (MOF) is looking to develop the right policies and structural reforms in the future to ensure the independence of the ageing population, and to create a more inclusive society.

"As such, the Social Protection Council (MySPC) has been reactivated and is actively looking at various options for a comprehensive and integrated social security policy.

"We must realise that a healthy ageing population can participate in, and contribute to the nation's sustainable and productive growth.

"To that end, the Skim Saraan Bercagar is part of the country's broader efforts to provide a robust retirement plan that will allow senior citizens to continue leading a productive life in their golden years."

To further strengthen the government's effort in supporting private sector initiatives such as Skim Saraan Bercagar, which may attract ad



Tengku Zafrul (centre), flanked by Bakarudin (left) and Chung (right) during the launch.

valorem stamp duties to be paid in order to execute the product transaction – as a new product to be introduced in Malaysia, Tengku Zafrul has also announced the exemption of stamp duty on the transaction documents executed by the parties involved to reduce the financial burden to potential applicants.

This exemption, applicable for the first two years after the scheme is launched, will help reduce the cost for the Malaysian retirees.

"SSB represents Cagamas' continuous efforts to address financial gaps in the marketplace," Cagamas chairman Dato Bakarudin Ishak said.

"This comprehensive and integrated solution focuses on retirees who might be affected

due to a lack of savings and aims to help them maintain their standard of living.

"Today, we are launching SSB, Malaysia's first retirement planning solution with an initial fund of RM100 million.

"In designing the offering, we have considered the experiences and lessons learnt from Korea and Hong Kong to formulate product features localised to Malaysian needs.

"SSB will help retirees unlock the value of their homes safely to receive guaranteed monthly payouts throughout their lifetime.

"We expect SSB to be a competitive alternative financial retirement solution. Early planning for retirement can help address many financial challenges

when one retires.

"We are aware that retirement financial management will become more significant as 15 per cent of the country's population, by 2030, will be senior citizens aged 60 and above, as reported by the Department of Statistics Malaysia."

Cagamas has also taken a collaborative approach with its strategic partners, the Employees Provident Fund (EPF) and the Credit Counselling and Debt Management Agency (AKPK) in striving towards a common goal of increasing financing access to the elderly.

There would be easy access to SSB through EPF's offices while AKPK would provide financial education to the applicants.

The three-party collaboration

saw Cagamas signing a Memorandum of Understanding (MoU) with EPF and AKPK.

The signatories were Cagamas president and chief executive officer (CEO) Datuk Chung Chee Leong, EPF CEO Datuk Seri Amir Hamzah Azizan and AKPK CEO Azaddin Ngah Tasir.

The signing ceremony was witnessed by Tengku Zafrul, Bakarudin, EPF chairman Tan Sri Ahmad Badri Mohd Zahir, Securities Commission Malaysia executive chairman Datuk Syed Zaid Albar and Bank Negara Malaysia's assistant governor Adnan Zaylani Mohamad Zahid.

"We welcome innovative products that complement EPF's role in helping its members to secure their retirement income, and by extension, improve the country's social protection system," Ahmad Badri said.

"Hence, we are pleased to be part of the Skim Saraan Bercagar, which may provide Malaysian homeowners with additional cash flow for their retirement wellbeing."

Azaddin said that major financial decisions, like investing in a dream home or a retirement plan, have a life-long impact.

"As such, it is important that these decisions are made with sufficient financial information and understanding of the financial principles that apply," he added.

"Towards this purpose, AKPK provides free financial advisory for borrowers to know their rights and obligations, and other relevant considerations, in order for them to make the right decision for a sustainable retirement."

SSB would be available in the Greater Klang Valley from mid-January 2022 onwards.

SSB, also known as reverse mortgage, is available in Korea, Hong Kong, Japan, Australia, Canada, and the US.