

A photograph of an elderly person wearing a yellow and blue checkered shirt and dark trousers, using a silver cane. The person is standing in a room with a large window in the background. On a wooden table in the foreground, there is a glass of water, a bottle of medicine, and a book. The text is overlaid on the bottom half of the image.

Cagamas launches reverse mortgage scheme to help elderly fund retirement

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PETALING JAYA (Dec 14): Cagamas Bhd, the national mortgage corporation, has introduced a reverse mortgage scheme to help the elderly fund their retirement by using their home as collateral for a loan.

The scheme 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, while continuing to stay in their homes.

Called Skim Saraan Bercagar (SSB), it was launched by Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz on Tuesday (Dec 14).

SSB would have an initial fund of RM100 million and be available in the Greater Klang Valley from mid-January.

Speaking at the launch, Cagamas chairman Datuk Bakarudin Ishak said SSB represents the corporation's continuous efforts to address financial gaps in the marketplace.

"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," he said.

Bakarudin added: "In designing the offering, we have considered the experiences

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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,"

Bakarudin said Cagamas expects SSB to be a competitive 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% of the country's population by 2030 will be senior citizens aged 60 and above, as reported by the Department of Statistics Malaysia," he said.

Collaboration with EPF, AKPK

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.

Under this collaboration, there would be easy access to SSB through EPF's offices, while AKPK would provide financial education to the applicants.

EPF chairman Tan Sri Ahmad Badri Mohd Zahir said the fund welcomed innovative products that complement its role in helping its members secure their retirement income, and by extension, improve the country's social protection system.

AKPK chief executive officer Azaddin Ngah Tasir said 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.

"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," said Ahmad Badri.