

# Govt to develop policies for ageing population

## Cagamas unveils RM100mil reverse mortgage scheme

### ECONOMY

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Datuk Bakarudin Ishak

**KUALA LUMPUR:** The Finance Ministry will be developing policies and structural reforms to better ensure the independence of Malaysia's ageing population, especially in light of uncertainties that have been brought upon by the pandemic.

Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz said Covid-19 has made it more challenging when it comes to old age income security.

“To alleviate the people's burden due to the Covid-19 pandemic, the government and the Employees' Provident Fund (EPF) have implemented three withdrawal schemes, with a total of RM101bil withdrawn by 7.4 million members.

“While it has helped members in need, the withdrawal schemes have also raised concerns on old-age adequacy,” he said in his speech at the launch of Cagamas Bhd's RM100mil Skim Saraan Bercagar (SSB) reverse mortgage scheme yesterday.

Following the withdrawals, Tengku Zafrul noted that 50% of members under the age of 55 had less than RM10,000 in their account, while 3.6 million members had less than RM1,000.

Tengku Zafrul said the launch of the SSB would broaden the financing options available to the Keluarga Malaysia, particularly retirees, who can unlock the equity value of their property and convert it into a fixed monthly income stream throughout their lives.

The SSB 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.

Cagamas chairman Datuk Bakarudin Ishak said the scheme is 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% of the country's population, by 2030, will be senior citizens aged 60 and above, as reported by the Statistics Department.”

Meanwhile, Cagamas president and chief executive officer Datuk Chung Chee Leong said the scheme would be made available in the Greater Klang Valley from mid-January 2022 onwards.

“The SSB will have an initial fund size of RM100mil. If demand is high, then we will consider further allocation.”

Chung explained that reverse mortgage was a retirement concept that was more popular overseas.

“When it was launched in countries over-

seas, initial demand was slow. But later, it picked up.

“We hope our product will be taken up a lot faster compared with other countries.”

Chung said the value of the properties of the applicants will be based on the locations and level of appreciation.

“We will simulate the value based on data by the National Property Information Centre,” he said.

Chung said there would be easy access to SSB through the EPF's branches nationwide, while the Credit Counseling and Debt Management Agency would provide financial education to the applicants.

To further strengthen the government's effort in supporting private sector initiatives such as the SSB, Tengku Zafrul announced that there will be an exemption of stamp duty on the transaction documents for the SSB scheme.

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

Tengku Zafrul said the Social Protection Council has also been reactivated and is actively looking at various options for comprehensive and integrated social security policy.