

**Cagamas Launches RM100-million Skim Saraan Bercagar,
an Innovative Market-First Financing Solution for Retirees**
*Scheme contributes to holistic social protection policy for ageing Malaysians'
productive retirement*



From the left: Dato' Bakarudin Ishak, Chairman, Cagamas Berhad, Yang Berhormat Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, Finance Minister and Datuk Chung Chee Leong, President/ Chief Executive Officer, Cagamas Berhad.



From the left: Tan Sri Ahmad Badri Mohd Zahir, Chairman, Employees Provident Fund (EPF), Dato' Bakarudin Ishak, Chairman, Cagamas Berhad, Datuk Seri Amir Hamzah Azizan, Chief Executive Officer, Employees Provident Fund (EPF), Yang Berhormat Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, Finance Minister, Datuk Chung Chee Leong, President/ Chief Executive Officer, Cagamas Berhad, Datuk Syed Zaid Albar, Executive Chairman, Securities Commission Malaysia, Encik Azaddin Ngah Tasir, Chief Executive Officer, Credit Counselling and Debt Management Agency (AKPK) and Encik Adnan Zaylani Mohamad Zahid, Assistant Governor, Bank Negara Malaysia.

Petaling Jaya (14 December 2021): Cagamas Berhad, the National Mortgage Corporation of Malaysia, today 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, YB 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.

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

“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.”

He added, “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 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 (2) years after the scheme is launched**, will help reduce the cost for the Malaysian retirees. Cagamas Chairman, Dato' Bakarudin Ishak said, "SSB represents Cagamas' 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.

"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."

He also said, "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% 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, Encik Azaddin Ngah Tasir.

The signing ceremony was witnessed by the Finance Minister, YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz; Cagamas Chairman, Dato' Bakarudin Ishak; EPF Chairman, Tan Sri Ahmad Badri Mohd Zahir; Securities Commission Malaysia Executive Chairman, Datuk Syed Zaid Albar; and Bank Negara Malaysia's Assistant Governor, Encik Adnan Zaylani Mohamad Zahid.

EPF Chairman Tan Sri Ahmad Badri Mohd Zahir said, "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. 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."

AKPK CEO Encik 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."

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 U.S.

More information on SSB is available in the attached FAQs and at www.ssb.cagamas.com.my.

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About Cagamas

Cagamas Berhad (Cagamas), the National Mortgage Corporation of Malaysia, was established in 1986 to promote the broader spread of home ownership and growth of the secondary mortgage market in Malaysia. It issues corporate bonds and sukuk to finance the purchase of housing loans from financial institutions and non-financial institutions. The provision of liquidity to financial institutions at a reasonable cost to the primary lenders of housing loans encourages further expansion of financing for houses at an affordable cost.

The Cagamas model is well regarded by the World Bank as the most successful secondary mortgage liquidity facility. Cagamas is the second largest issuer of debt instruments after the Government of Malaysia and the largest issuer of AAA corporate bonds and sukuk in the market. Since incorporation in 1986, Cagamas has cumulatively issued circa RM356.7 billion worth of corporate bonds and Sukuk.

Cagamas' corporate bonds and sukuk continue to be assigned the highest ratings of AAA/Stable/P1 by RAM Rating Services Berhad and AAA/MARC-1 and AAA_{IS}/MARC-1_{IS} by Malaysian Rating Corporation Berhad, denoting its strong credit quality. Cagamas is also well regarded internationally and has been assigned local and foreign currency long-term issuer ratings of A3 by Moody's Investors Service Inc. that are in line with Malaysian sovereign ratings.

Cagamas Berhad

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