

PERSONAL FINANCE

Guide to senior savings accounts

By BALKISH ROSLY

MOST of us know we have to put aside money now while we're young so that we won't have to worry when we're retired. But be reminded that even when you have reached your golden years, it doesn't mean you should stop saving!

In fact, one of the perks of growing older is you get more opportunities to save money — usually in the form of a "senior citizen's discount" or something in a similar vein.

The saying goes that life starts at 50 and it couldn't be more right! With a single exception, most banks in Malaysia offer seniors savings account to persons of at least 50 years of age.

And in the realm of personal banking, there is an opportunity for seniors to increase their income through special savings accounts dedicated to them.

Other than the age eligibility, the main difference between a normal savings account and the senior savings account is seniors sometimes receive a higher interest rate. This is of particular interest to seniors, who are likely to be thinking about retirement if they haven't done so already.

Without the income from a job, a senior would be more reliant on investments and interest to provide some disposable cash. Furthermore, they



are likely to have saved up a significant sum of money over their careers, meaning that even a small improvement in an interest rate can be significant.

Since a senior savings account would function identically to a normal savings account, plus higher interest, there is no reason why anyone who is eligible shouldn't be considering one!

The only exception would be if your existing account has some perks you wouldn't like to lose, particularly if you are using a premium-type account.

It is important to note, however, that although the interest rates on a senior savings account are higher, they can still be beaten by the rates found with a fixed deposit.

So the cardinal rule still applies — put any money you don't immediately need into a fixed deposit account. If you do this over a period of several years, you can come out

ahead by a few thousand ringgit, even with a fairly modest initial deposit!

If you are reliant on a monthly credit, fixed deposits lose some of their lustre as the best interest rates involve long lock-in times. Still, even one-month tenures give nearly 3% per annum.

Some senior savings accounts can come close to matching (or even exceeding) this rate as long as you put enough money in, and would be much more convenient, making them a valid option over a fixed deposit.

Alternatively, you could anticipate the interest you get from a long-term fixed deposit and keep that amount in an instant-access account, giving you the best of both worlds.

**Balkish Rosly is an investigative journalist at SaveMoney.my, an online consumer advice portal which aims to help Malaysians save money through smart (and most of the time painless) savings in their daily banking, technology, and lifestyle spending habits.*