



# FINANCIAL LITERACY for



# Senior Citizens





**Message 1**

Beware of Ponzi Schemes & Scams

**Message 2**

Know How to Lodge Complaints with Banks and Banking Ombudsman

**Message 3**

Estate Planning Tools

**Message 4**

You Have Good Reasons to Smile if You Are a Pensioner

**Message 5**

Investment Products Suitable for Post-retirement Life



## Message 1: Beware of Ponzi Schemes & Scams

Promise of returns on investments that are much higher than those offered by banks



Attractive marketing material with complex and new investment options, with the sales person following up daily and offering incentives for early registration or saying that the scheme is available for only a limited period.

Schemes offering rewards for enrolling friends, family, and/or appointing distributors.

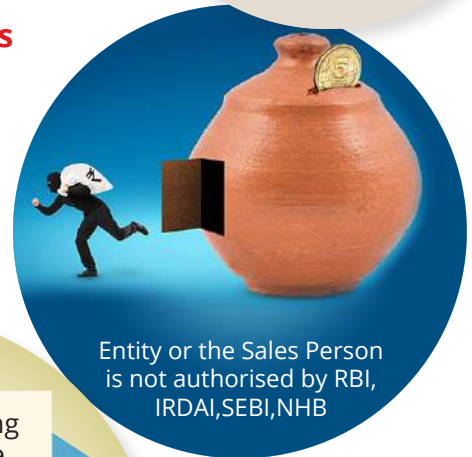


### Sign of Ponzi Schemes & Scams

Offer for free services from unknown entities and websites.



Entity or the Sales Person is not authorised by RBI, IRDAI, SEBI, NHB



Your card has been blocked, to unblock, can you share your old PIN?



Telephone calls which either offer rewards or threaten prosecution, penalty, etc.

Messages informing you that you have received a tax refund of Rs.90,000.



Emails/SMS from unknown individuals or regulators or government organisations asking for your bank account details.

## Report and help regulators

Report ponzi schemes

Report scams

Find out more about regulated entities from RBI, SEBI, IRDAI, NHB

File and track your complaints

File and Track Your Complaints

सचेत

An SLCC initiative

[www.sachet.rbi.org.in](http://www.sachet.rbi.org.in)

Learn about various laws

Read more about unregulated schemes

Help your regulator

## Message 2: Know How to Lodge Complaints with Banks and Banking Ombudsman

### Grievance Redressal

#### STEP 1

Lodge complaints with your bank via email or call the customer care toll free number.

Wait for 30 days to receive a response.

#### STEP 2

If the bank does not respond or if the response is unsatisfactory, then approach the Banking Ombudsman. Contact details and areas of jurisdiction of all Banking Ombudsman can be found at: <https://bankingombudsman.rbi.org.in>

Complaints with the Banking Ombudsman can be filed online, or via email or post.

The Ombudsman will try to bring about a settlement between the bank and the customer. If a mutually agreeable settlement is not possible then the Ombudsman will make a decision or award based on the facts and the documents submitted to them.

#### STEP 3

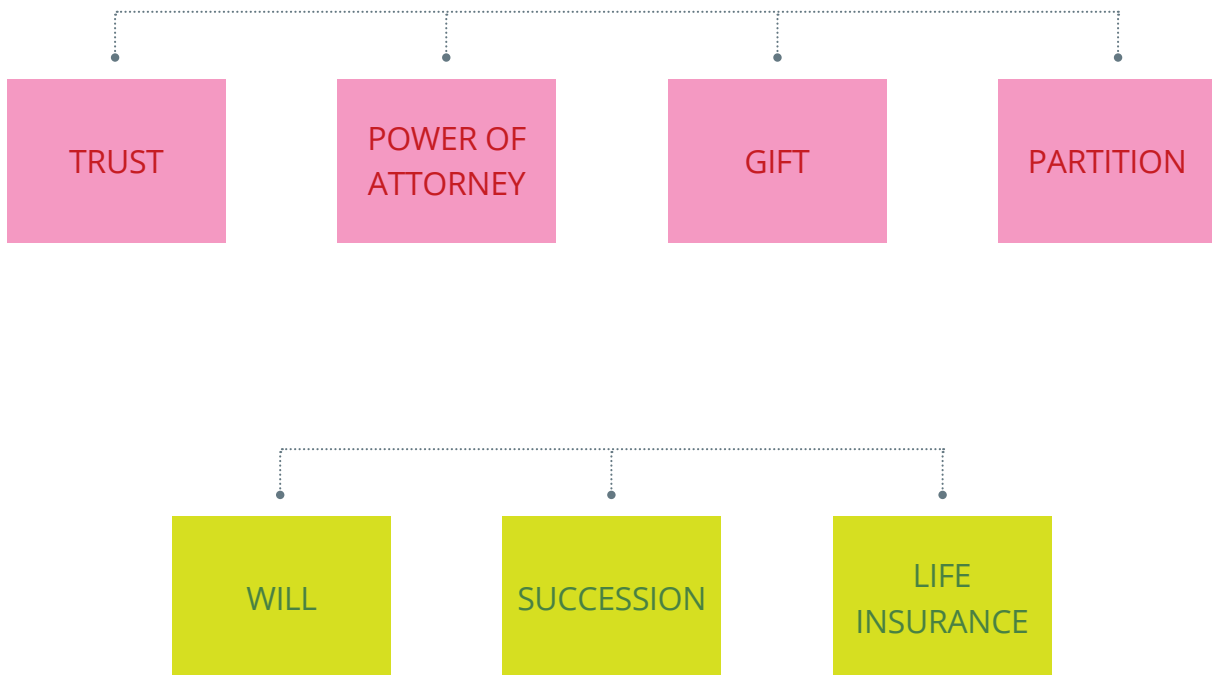
The customer can file an appeal before the Appellate Authority within 30 days if not happy with the solution provided by the Ombudsman under certain circumstances. The Appellate Authority is The Deputy Governor of the Reserve Bank of India (RBI).

## Message 3: Estate Planning Tools

There are many tools available for estate planning for senior citizens. Most important among them is what is called 'Nomination'. However, a WILL can supersede a Nomination.

Available for all financial products and also for safe custody and safe deposit vaults.	Helps in fast settlement of claims and reduces hardships for surviving family members.	Make sure that the nomination request is registered. Update nomination as and when required.
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### OTHER ESTATE PLANNING TOOLS



**Message 4: You Have Good Reasons to Smile if You Are a Pensioner**

No need to open separate account for pension.



Pension account can be transferred to another branch or different bank.

Existing account can be used for receiving pension.

Do remember to submit your 'Life Certificate' to your bank branch in November, every year and obtain a duly signed acknowledgement receipt of the same from the concerned bank. In case a pensioner is unable to obtain a Life Certificate on account of serious illness/incapacitation, a bank official will visit his/her residence/hospital for the purpose of obtaining the Life Certificate.

'Jeevan Pramaan' – Digital Life Certificate using Aadhar and mobile at: [www.jeevanpramaan.gov.in](http://www.jeevanpramaan.gov.in)

## Information on Joint Accounts and Premature Withdrawal of Deposits

1

It is advisable to keep a joint account with your spouse and have the nomination registered or have 'either or survivor' or 'former or survivor' operating instructions in your account.

2

To withdraw your fixed/term deposits prematurely in case of need, you have to ensure that you have given the bank a mandate for the same at the time of making the deposit or at any time during the tenure of the deposit.

3

In case you don't claim the FD amount on maturity, the banks may automatically renew the deposits for another term at prevailing rates if you have opted for the facility at the time of making the deposit.

## Bank Operations for Old/Sick/Incapacitated Persons

1

If you are old, unwell or physically challenged, you can withdraw money using your thumb impression. A thumb impression should be identified by two independent witnesses known to the bank, one of whom should be a responsible bank official.

2

In the event you cannot even put your thumb impression and also would not be physically present in the bank, a mark can be obtained on the cheque/withdrawal form which should be identified by two independent witnesses, one of whom should be a responsible bank official.

3

The bank may also ask you to indicate who would withdraw the amount from the bank on the basis of cheque/withdrawal form as obtained above and that person should be identified by two independent witnesses. The person who would be actually drawing the money from the bank would be asked to furnish his signature to the bank.



## Message 5: Investment Products Suitable for Post-retirement Life

### Senior Citizen Savings Scheme



The Senior Citizen Savings Scheme (SCSS) 2004 is a very good option for retired persons. The SCSS offers an attractive rate of return and interest is paid quarterly. The interest received will be subjected to tax at applicable rates. The investment is limited to Rs.15 lakhs per person.

### Fixed Deposits



Fixed deposits are a very good option for those who have an annual income less than Rs. 5 lakhs, since they are in the 5 per cent tax bracket. Those who have an annual income of above Rs. 5 lakhs need to pay 20 per cent/30 per cent tax on the interest income earned from fixed deposits.

### Reverse Mortgage



For those who have inadequate retirement corpus, but have own house, reverse mortgage option can help in providing additional cash flow after retirement.

The income under this option is tax free and therefore provides an additional benefit to retired persons.

### Annuity Plans



Annuity plans are offered by insurance companies. They bring predictable cash flows to retired persons as the rate of return is fixed at the time of investment. Many options are available to receive annuity payments like fixed payment terms for 5, 10, 15 years, return of corpus on death of investor, annuity payment till spouse's lifetime, etc.

An example is the Monthly Income Scheme (MIS), offered by the post offices and banks where the annuity received will be taxed at slab rates.

## Recent Initiatives by the RBI: Banking Facility for Senior Citizens

<b>Dedicated Counters/ Preference to Senior Citizens, Differently Abled Persons</b>	Banks have been advised to provide a clearly identifiable dedicated counter or a counter which provides priority to senior citizens and people who are differently abled including visually impaired persons.
<b>Ease of Submitting Life Certificate</b>	In addition to the facility of Digital Life Certificate under 'Jeevan Praman' Scheme, pensioners can submit physical Life Certificate form at any branch of the pension-paying bank. Receiving Banks should promptly update the same in the Core Banking Solution (CBS) system to avoid any delay in credit of pension.
<b>Automatic Conversion of Account Status</b>	KYC-compliant accounts would automatically be converted into 'Senior Citizen Accounts' on the basis of date of birth maintained in the bank's records.
<b>Ease of Filing Form 15G/H</b>	Banks are advised to provide senior citizens and differently abled persons Form 15G/H once in a year (preferably in April) to enable them to submit the same, where applicable, within the stipulated time.
<b>Doorstep Banking</b>	Banks are advised to make a concerted effort to provide basic banking facilities, such as pick up of cash and instruments against receipt, delivery of cash against withdrawal from account, delivery of demand drafts, submission of Know Your Customer (KYC) documents and Life certificate at the premises/residence of such customers.

### Form 15G and Form 15H

You can submit Form 15H if you are over 60 years old and have a Permanent Account Number (PAN) and the tax calculated on your total income for the year is nil. In such cases, banks will not deduct TDS from depositors under Income Tax Rules, 1962. Also, you must get an acknowledgment from your bank at the time of submission of Form 15H. While Form 15H is for resident individuals above 60 years old, Form 15G is for resident individuals below 60 years old. An additional criteria to fulfil for Form 15G is that the total interest income from all sources for the year is less than the maximum income tax exemption limit of that year.

Remember to  
file your tax returns  
before 31 July every  
year.

If you need any assistance in filing returns, you can locate an authorized tax return preparer appointed by the income tax department from the following website: [www.trpscheme.com](http://www.trpscheme.com)

**For more information please visit**  
[www.incometaxindia.gov.in](http://www.incometaxindia.gov.in)



## TARGET SPECIFIC FINANCIAL LITERACY MATERIAL

One of the recommendations of the Committee on Medium-term Path on Financial Inclusion chaired by Shri. Deepak Mohanty, Executive Director, Reserve Bank of India was 'A 'one size fits all' approach for Financial education might be less than ideal as different target groups need different kinds of financial education. As a result, the content needs to be customised for different target groups'.

The Financial Inclusion and Development Department of the Reserve Bank of India has come up with customised financial literacy content for five different target groups, namely farmers, small entrepreneurs, school children, self-help groups (SHGs), and senior citizens. This book is one among the series of five books on customised financial literacy content.

### **Disclaimer**

This book is presented as reading and teaching material with the sincere purpose of making the reader financially literate. It is not intended to influence the reader into making a decision in relation to any particular financial product/s or service/s.

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**Financial Inclusion and Development Department**

**RESERVE BANK OF INDIA**  
10th Floor, Central Office  
Mumbai 400001, INDIA