

Senior Citizens Savings Accounts



Mr. Sharma has just turned senior citizen and realized that a bank account offers special privileges to senior citizens. He wants to know what the benefits provided to him as a senior citizen are, and the process of converting his existing account to senior citizen status.

Definition

All resident individuals with the age of 60 years and above on the date of account opening are eligible to open a senior citizens account. Mr. Sharma needs to submit an age-verification document which can be a PAN card or passport or birth certificate to avail of the special senior citizen privileges.

Remittances

Mr. Sharma can use his senior citizens account to receive money from his son who is working abroad. Money would get credited directly into his account. Some banks also send an SMS to the customer once money is transferred to the account. This will help him manage his account and household expenses.

Pension

Mr. Sharma can receive his monthly pension through the senior citizens account. He needs to submit a pension claim form to the pension disbursement authority (e.g. the Employee Provident Fund Organization).

Mr. Sharma must indicate his bank account details in this form. These accounts have to be held singly, and require a yearly life certificate that confirms that the pensioner is alive. Pension accounts can be transferred to another branch, as per the need of the pensioner.

Special Privileges

Banks offer higher deposit rates of up to 1% to senior citizens. In order to provide convenience to its senior citizen customers, banks provide a relationship manager or special senior citizens desk in branches, free access to any bank's ATM and free cheque pick-up and cash delivery services. Mr. Sharma should find out the facilities his bank provides and the relevant conditions (such as minimum balance).

TDS

If the aggregate interest income that Mr. Sharma earns for all his accounts held in a branch is greater than Rs. 10,000 in a financial year, he is liable for TDS. If he finds that his total interest income for the year is going to fall within the overall non-taxable

SMS CONTEST

Question

If you submit Form 15H to your bank, the interest the bank pays you _____.

Answer

- A. is taxable
- B. is not subject to TDS
- C. is at a higher rate

To answer SMS DISHA A, B or C to 53030 and win a 2N 3D holiday.* Contest open for the day of publication. *Terms and conditions apply. Visit www.dishac.org for details and winners.

limit, he should inform the bank not to deduct TDS on deposits by submitting form 15H as per the provisions of the Income Tax Act.

Nomination

Mr. Sharma should name a nominee for his accounts. Nomination makes it easy to access and claim money in an account when the account holder is no more. There can be only one nominee for a deposit account whether held singly or jointly. Account holders can make nomination by filling up the form prescribed under the Banking Companies (Nomination) Rules 1985. The nomination details can be changed during the subsistence of the account.

Center for Investment Education and Learning

DID YOU KNOW?

Several banks issue at-par cheques to senior citizens. At-par cheques can be collected at any bank branch across the country, without collection charges.

FAQs

I am a senior citizen. I applied to a bank for a housing loan but they have turned down my application. What can I do?

A loan is a commercial arrangement between a bank and a customer, and the bank may decide against taking the risks of a long-term loan to a senior citizen. It is possible to enhance the limits and terms of a loan to a senior citizen if there is a younger co-applicant or guarantor. Loan policies vary across banks.

While I am happy to use the ATM of the bank to draw money, the nearest one is so far away from my house. Is there any facility to make it easier for a senior citizen like me?

Several banks extend access to other banks' ATMs, without additional charges. Check with your bank so that you are able to use the nearest available ATM. You will still need to ensure that the service provider (MasterCard or Visa) is the same for your card and the ATM.

We welcome your questions, suggestions and feedback on this column. Please use the Email Us link at www.icicibank.com or send an SMS to 53030. Please include your full name, address and phone number. Your comments may be edited for clarity and space.

SMART BANKING

Protect your money.



Always make a nomination whenever you open a bank account

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