

Senior Citizen Savings Scheme (SCSS), 2004

The Senior Citizen Savings Scheme (SCSS), 2004 is a Government of India (GoI) backed deposit scheme for senior citizens and retired persons which provides them with an attractive interest rate.

Eligibility

Any individual attaining 60 years of age or more on the date of opening of the account.

An individual who has attained the age of 55 years but is less than 60 years of age on the date of opening of the account but who has retired under a VRS scheme may open an account if it is done within 60 days of his or her retirement.

The SCSS account can jointly be opened only with the spouse of the individual. It cannot be opened jointly with children or with any other individual.

Investment and returns

There can be only one deposit in the account

Minimum limit : Rs.1,000/-

Maximum Limit : Rs.15,00,000/-

It should be noted that while the individual is permitted to open separate SCSS accounts with same or different banks and post offices, the total investment should not exceed the maximum limit as mentioned above.

Interest

Interest is payable on a Quarterly basis on the last day of every quarter of a financial year to the nominated Savings Bank account of the individual.

Maturity

Maturity Period is 5 years extendable for further 3 years (only once).

Pre Mature Encashment

Account can be closed after one year and before second year. An amount equal to 1.5% on the balance amount will be deducted and balance will be paid to depositor.

If the account is closed after 2 years from the date of opening of account, then the amount equal to 1% on the balance amount will be deducted and balance will be paid.

In case of death of the individual, the account has to be closed and the accumulated balance has to be paid to the joint holder or to the nominee if there is no joint holder. Joint holder cannot continue the deposit till maturity.

Post Maturity Interest

Post Maturity if the account is neither extended or closed then on the date of closure interest rate @ Bank Savings rate is payable to the investor from the date of maturity.

Tax Benefit

Interest under SCSS is taxable at source if Quarterly interest paid exceeds Rs. 10,000/-. If the individual does not wish to have tax deducted at source, Form 15H or 15G, as applicable, has to be submitted at the start of every financial year to the Bank.
