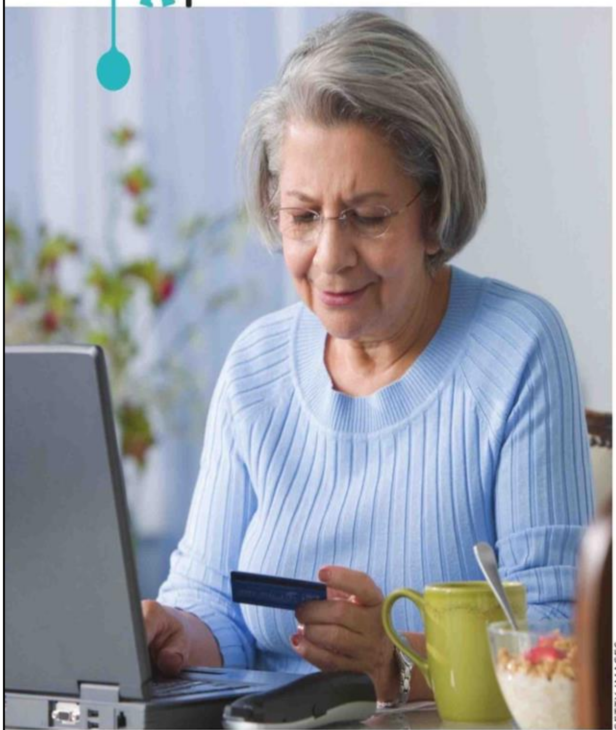
Date: 23.01.2023	**Publication:** WEALTH (The Economic Times)
Page no: 1,10,11	**Edition:** All Editions

5 Financial challenges faced by senior citizens

Find out how to help your parents and elderly kin deal with the dilemmas of investing for retirement, preparing for medical expenses, and ensuring safety from financial fraud.



GETTY IMAGES

by **Riju Mehta**

In October last year, 65-year-old Veena Sharma from Mumbai got a phone message with a warning that her bank account would get blocked if she did not update her KYC. In panic, she provided crucial information, only to realise a few minutes later that she had lost ₹75,000 from her account.

Being a victim to financial fraud isn't the only misfortune that strikes the elderly as they cross the Rubicon into retirement. They find themselves laden with high medical expenses, are unsure of how to invest their retirement corpus, how to leave their assets to children, even as they grapple with a tech handicap. "If their children or trusted family members can teach them about technology and guide them with their finances, they can be comfortable," says T.Srikanth Bhagavat, MD, Hexagon Capital Advisors. So, if your parents too are facing the following challenges, here's how you can help them secure financially.

1 HOW TO INVEST THE RETIREMENT CORPUS

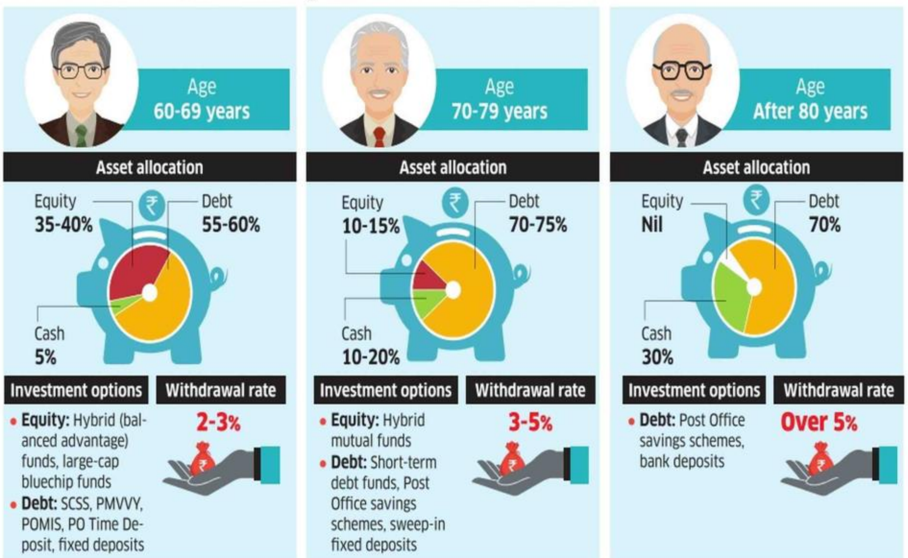
A pervasive dilemma among seniors is where to invest their life's savings so that they don't run out of money even as they earn a regular income. "The corpus value should factor in inflation and conservative returns that are 1-2% above inflation, and life expectancy of 85-90 years," says Anup Bansal, Chief Business Officer, Scripbox.

"In your 60s, at least 30% of the corpus should in be in equity to help beat inflation and grow your wealth," says Dinesh Rohira, Founder & CEO, *5nance.com*. While Rohira suggests investing in large-cap bluechip funds, Bhagavat advises opting for balanced advantage funds. The debt portion should be in Senior Citizen Savings Scheme (8%), Pradhan Mantri Vaya Vandana Yojana (7.4%), Post Office Monthly Income Scheme (7.1%), Time Deposits or fixed deposits, all of which are currently earning high returns. The cash component should be in liquid funds, short duration debt or arbitrage funds.

As they move into their 70s, they should continue to retain the equity component, but reduce it to 10-20% depending on the size of their corpus and risk appetite, while the debt and cash components should increase to 70-75%. In their 80s, they can do away with equity completely and keep the entire corpus in the safety of debt and sweep-in fixed deposits for ease of access.

The withdrawals can be made through the systematic withdrawal plans (SWPs) and should be at a low 2-3% of the corpus in the initial years of retirement. This rate can be increased to over 5% in 80s.

How to invest corpus for retirement



2 HOW TO BE READY FOR HIGH MEDICAL EXPENSES

One of the biggest challenges for the elderly is not only dealing with medical issues, but also being financially equipped to handle these, given the high medical inflation of 14-15%. While it is important to buy a comprehensive health plan of ₹20-25 lakh at least by late 40s or early 50s, one can pick indemnity plans in one's 60s as well. However, these will be expensive, costing anywhere from ₹25,000-40,000 a year.

If you are buying such plans, pick those with a long term of renewability, low waiting period for pre-existing diseases, and a sum insured that can be increased with age (*see table*). "It should also have a wide network of hospitals, offer day-care treatments, cover pre- and post-hospitalisation expenses, and Ayush treatments as many seniors prefer alternate medicines," says Bhaskar Nerurkar, Head, Health Administration Team, Bajaj Allianz General Insurance.

Health plans for seniors

Here are some plans with high entry age, low waiting periods and sizeable cover range for senior citizens.

Plan	Entry age	Waiting period for pre-existing disease	Cover range
Aditya Birla Activ Care Plan	55-80 yrs	2 years	₹3-25 lakh
HDFC Ergo My Health Suraksha	No limit	2/3 years	₹3-75 lakh
Bajaj Allianz Silver Health Plan	46-80 yrs	1 year	₹5/ 10 lakh
Niva Bupa Senior First	61-75 yrs	2 years	₹5-25 lakh
Star Health Senior Citizens Red Carpet	60-75 yrs	1 year	₹1-25 lakh
Future Generali Varishta Bima Plan	60-lifelong	1 year	₹2-10 lakh

Source: Insurer websites.

Instead of buying a big cover, one could cut costs by buying a smaller indemnity plan of ₹5 lakh and a bigger super top-up plan of ₹20-25 lakh, preferably from the same insurer. Another option is for children to cover their parents in the corporate plans at subsidised rates.

It's also important to have a buffer amount for the 8-10% out-of-pocket expenses that one is likely to incur. Keep this amount in easily accessible sweep-in fixed deposits or liquid funds. "You can also go in for add-ons like hospital cash to take care of such expenses, and riders that offer 24x7 medical and emergency support like the Respect Senior Care rider," says Nerurkar. Such medical care and extensive range of services is now also being provided by companies that offer packages for those who stay away from their parents and want to take care of them (*see box*).

3 HOW TO AVOID FRAUD, MISSELLING

According to a pan-India survey by Tsaaro, a data privacy and cybersecurity services provider, 53% of people have an elderly person in their circle who has been a victim of cyber fraud. Most senior citizens are easy targets for financial scams not only because they are flush with retirement funds, but also because they are tech unsavvy and have a low awareness of privacy issues. "Children should carefully list the dos and don'ts of digital payments, bank apps and online transactions for their parents. The senior citizens should also use bigger screens and fonts to avoid losing money by keying in wrong numbers," says Bhagavat. They should be made aware about the risks of sharing passwords, PINs and other personal information, downloading attachments, and sending money to unknown sources.

Another fraud that the elderly are subjected to is misselling of financial products. Since most of them are unsure about where to park their corpuses, they end up buying unsuitable products for their age and circumstance, lured by promises of high returns that are peddled by bank staffers and agents. "Those above 70 years should add their children or close relatives to their accounts and take joint investment and financial decisions, even though the senior citizens must retain ownership and the right to choose," says Rohira.

4 HOW TO PLAN YOUR LEGACY

Most senior citizens keep deferring succession planning either because they are not sure about whom to leave what, or are unaware of how to do it. Planning one's legacy should be among the first steps to take after retirement and drafting a will is the best way to do it. Start by listing all your assets and the beneficiaries to whom you wish to give these assets. Then approach a competent person to draft the will. "Remember to make the proposed beneficiary, nominee or joint holder of the asset as well, and if you want to exclude any relative who is a legal heir, mention the reason to avoid future disputes," says Raj Lakhotia, Founder, DilseWill.

Some people want to distribute assets through gift deeds while they are alive to avoid disputes over the will, but Lakhotia disagrees. "Since gifts are irrevocable, there is a risk that the person may become dependent on someone for survival. In case of a will, the property is in his control till he is alive," he says. Besides, gifting an immovable property attracts stamp duty, while in case of a will, it won't. Also, gifting assets to non-relatives is taxable, but it's not so if transferred by a will.

5 HOW TO USE TECH FOR FINANCIAL TRANSACTIONS

While technology is an enabler for senior citizens who are staying alone, it is also a hurdle for those who are not tech-friendly. "Many seniors are seriously challenged by smartphones, login protocols and menu choices in user interfaces. Fintech apps and online banking sites should increase the elderly user base through technological innovations," says Bansal of Scripbox. Children should also teach their parents how to conduct basic online transactions and follow safety protocols, while monitoring regularly to ensure their financial security.

WHAT NOT TO DO...

Avoid bank staff, agents

Do not buy products in banks or from agents as they are only looking at earning the highest commissions. So if you no longer have an income or dependants, do not buy 'guaranteed return' traditional insurance plans. If you need regular income, don't buy products with lock-in periods like 5-year fixed deposits or ulips. If you don't understand a product, do not buy it.

Don't react to panic SMSes

If you get an SMS or Whatsapp message about your credit card or bank account being blocked, your KYC needing immediate updation, your electricity being cut, or a virus attacking your system, do not respond, and consult your kids or a trusted person.

Don't give information

No matter who the purported phone call, mail, SMS, or Whatsapp message is from, be it a bank, insurer, friend or employer, do not reveal your account number, PIN, password, address, or any personal information.

Don't download

If you get a mail or message urging you to open a link or an attachment, or asking you to download information, it is most likely an attempt to hack your system and steal your identity or crucial information.

Don't transfer money

Whether it's your Facebook friend asking you via Messenger to lend some money, a mail from an acquaintance, a plea to help someone in distress, or to return a mistaken money transfer to your account, do not respond or send money to anyone.

Caring for parents, long distance

by **Ira Puranik**

If you stay away from your parents, be it in a different city in India or abroad, you are likely to worry about them. Who will help them in case of an accident or a medical emergency, or even for regular chores? Now, many organisations, such as Samarth, Emoha, KITES and Yodda, are helping take this burden off your mind. They provide a range of services, from medical care to house maintenance and financial tasks for domestic and NRI customers, the cost depending on the type of package you choose (*see table*).

While the standard packages include basic services like hospitalisation/emergency assistance, and home/security services; mid-tier packages offer health and diagnostic support, personalised diet plans, on-call concierge services for daily chores, insurance management; and comprehensive packages provide virtual community for elders, assigned companions for regular check-ins, activities for emotional and mental health, SOS/panic button, remote health monitoring, home maintenance and end-to-end arrangements for travel.

Most of these providers are state- or city-specific, with KITES operating in Bengaluru, and Yodda in Pune, Mumbai and Hyderabad. "Domestic signups form around 3% of our clientele, usually professionals who are working in metro cities, and our most popular offering in this group is the standard plan," says Asheesh Gupta, Founder of Samarth Eldercare. "Nearly 20% of our customers are the elders, not their children, who pay for the service themselves," says Tarun Sharma, Founder & CEO, Yodda.

Cost of care packages

Package type	Samarth Eldercare	Emoha Elderly Care	Anvaaya Kin	Yodda
Standard	₹89,988	₹4,788 (Engage)	₹81,210	₹28,999
Mid-tier	₹95,988	₹47,988 (Empower)	₹1.54 lakh	₹95,999
Comprehensive	₹1.8 lakh	₹1.2 lakh (Enhance)	₹2.03 lakh	₹1.08 lakh

All charges are annual. Anvaaya's service prices are for Delhi-NCR. For Emoha, ₹4,788 is the entry charge for helpdesk and live TV, and other services can be added as per need. Enhance is only operational in Delhi-NCR.