Senior Citizens Savings Scheme (SCSS)

Quarterly income at 8.2% for those 60 and above, capital fully secure.

8.2% p.a. (paid quarterly) | Interest taxable; 80C on deposit

What is SCSS?

SCSS is a government scheme built for retirees who want a safe, regular income. You invest a lump sum (up to ₹30 lakh), and it pays 8.2% interest every quarter into your account, one of the best guaranteed rates available to senior citizens. The capital is sovereign-backed and returned at the end of the 5-year term (extendable by 3 years).

In brief

Suits	Retirees who want steady, guaranteed income every quarter.
You get	8.2% a year, paid quarterly, locked for the 5-year term at the rate on the day you invest.
Your money	5 years, extendable by 3; up to ₹30 lakh per person.
Tax	Interest is taxed at your slab (TDS above ₹1 lakh); the deposit is deductible only in the old regime.
Watch for	Early closure carries a penalty; plan how the quarterly payout fits your monthly budget.

Key facts

Interest rate	8.2% p.a., paid every quarter
Eligibility	60+ (55–60 on VRS/superannuation; 50+ defence)
Tenure	5 years, extendable by 3 years
Maximum	₹30 lakh
Tax	Deposit qualifies 80C (old regime); interest taxable, TDS above ₹1 lakh

What's new

Sep 2026	SCSS stays at 8.2% for October–December 2026; the rate is fixed for your account's full term.
Apr 2025	TDS on SCSS interest now applies only above ₹1 lakh a year for senior citizens.

Questions and answers

THE BASICS

What is the Senior Citizens Savings Scheme?

SCSS is a government scheme that gives retirees a safe, regular income. You invest a lump sum (up to ₹30 lakh), and it pays a fixed rate, currently 8.2%, as quarterly interest, with your capital returned at the end of the 5-year term. It's among the best guaranteed-income options for senior citizens.

How long does it run?

The base tenure is 5 years, and it can be extended once by a further 3 years (total 8). You can also close it prematurely, subject to a small penalty (see below).

INTEREST & INCOME

What is the current rate, and how is interest paid?

SCSS pays 8.2% per annum for Oct–Dec 2026, credited QUARTERLY, on the first working day of April, July, October and January, straight to your linked account. It's income you can actually spend, not just an accrual.

How much income will ₹30 lakh generate?

At 8.2%, a ₹30 lakh deposit yields about ₹2.46 lakh a year, roughly ₹61,500 every quarter (about ₹20,500 a month equivalent). A couple investing ₹30 lakh each could draw close to ₹4.9 lakh a year between them.

Is 8.2% fixed for my whole term?

The rate that applies when you OPEN (or extend) the account is fixed for that 5-year block, unlike PPF/SSA where the rate floats every quarter. New accounts get whatever rate is in force that quarter.

WHO IS ELIGIBLE

Who can open an SCSS account?

Any resident individual aged 60 or above. The account can be held singly or jointly with a spouse (the first holder must meet the age criterion).

Can I join before 60 if I've retired?

Yes. Those aged 55–60 who retired under superannuation or a voluntary retirement scheme can open an account within one month of receiving their retirement benefits. Defence services retirees can join from age 50, subject to conditions.

Can NRIs or HUFs open an SCSS account?

No. SCSS is only for resident individuals. NRIs and HUFs are not eligible. If an account holder becomes an NRI during the term, the account is closed.

DEPOSIT LIMITS

How much can I invest?

The maximum is ₹30 lakh per individual (raised from ₹15 lakh in 2023), across all your SCSS accounts combined. The minimum is ₹1,000. Deposits above ₹1 lakh must be by cheque/transfer.

Can a couple invest more?

Yes, since the ₹30 lakh limit is per individual, a husband and wife can each open their own account and invest up to ₹60 lakh combined, doubling the guaranteed quarterly income.

TAX & TDS

What are the tax rules?

The deposit qualifies for a section 123 (earlier 80C) deduction (up to ₹1.5 lakh, old regime). The quarterly interest, however, is fully taxable at your slab and added to your income.

When is TDS deducted, and how do I avoid it?

TDS applies only if your interest exceeds ₹1 lakh in a year (the senior-citizen limit since 1 April 2025). If your total income is below the taxable limit, submit Form 15H at the start of the year so no TDS is deducted.

EXIT & EXTENSION

Can I close the account early, and what does it cost?

Yes. Closing after 1 year but before 2 years costs 1.5% of the deposit; closing after 2 years costs 1%. If you close within the first year, any interest already paid is recovered. There's no penalty for closure due to the holder's death.

How does the 3-year extension work?

Within one year of the 5-year maturity, you can extend the account once for a further 3 years. The extended account earns the SCSS rate prevailing at the date of maturity, and can be closed after one year of extension without any penalty.

GOOD TO KNOW

What happens on the account holder's death?

The account is closed and the balance with interest is paid to the nominee or legal heir. If the spouse is the joint holder and is eligible, they may continue the account. Always register a nominee at opening.

SCSS vs an annuity or bank FD, why choose SCSS?

SCSS usually beats bank FDs and immediate annuities on rate for senior citizens, is government-guaranteed, and returns your capital in full at the end (an annuity typically doesn't). Its limits are the ₹30 lakh cap and the taxable interest, so many retirees use SCSS first, then FDs/annuities for amounts above the cap.

Sources: Ministry of Finance notification of 30 Sep 2026 – small-savings rates, Oct-Dec 2026; Business Standard / Business Today on the MoF notification, 30 Sep 2026; Business Today: TDS rules from 1 April 2025.

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