Short-Term Endowment Plans: Probably The Best Option for Savers in 2021? (+ Review of GREAT SP Series 3)

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Ever since I started â??hackingâ?• my way to earn more on my cash, Iâ??ve since grown accustomed to earning at least a high 1+% to a low 2% with minimal effort on my savings (parked in high-yield bank accounts).

However, that era is likely over (for now) as we move into a period of near-zero interest rates. Instead of relying on our bank accounts for higher bonus interest, it is time to explore other alternatives.

I did this recent guide on Instagram where I covered some options for you to park your cash savings, ranging from lowest risk to highest, and without needing to invest or subject your funds to stock market volatility.

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Bank savings accounts â?? after the recent cuts, most of you are probably getting **below 1% now** on your UOB One / OCBC 360 / DBS Multiplier account.

Fixed deposits â?? these are **paltry at 0.35% to 0.5% p.a. on average** across all the different providers, and with a lock-in period of 12 months. The best offer right now is by Hong Leong Finance, which requires a minimum $20,000 deposit for 36 months (3 years) and gives you 0.75% p.a. in return.

Singapore Savings Bonds â?? I excluded this from the guide because its current rates are dismal and are hardly attractive *(this monthâ??s bond is 1.15% for 10 years, and only crosses into the 1% domain in your 5th yearâ?¦)*

Short-term endowment plans â?? Iâ??ve covered some of the more attractive ones on this blog in the past few months, but some of them are already **sold out** due to the high demand.

Cash management accounts â?? similarly, I did a comprehensive review across the different providers in this space recently, but some of you wrote to me saying that you werenâ??t entirely comfortable with the fact that the **funds are invested** *(albeit mostly in money market funds and bond funds)* and that the **rates arenâ??t guaranteed.**

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So what is one to do if they have spare cash that youâ??re looking for decent returns on?

In todayâ??s environment, your best bet would be to either

(i) continuously look out for safe and guaranteed offerings by the financial institutions, or

(ii) decide if you want to take on a little more risk in exchange for higher returns

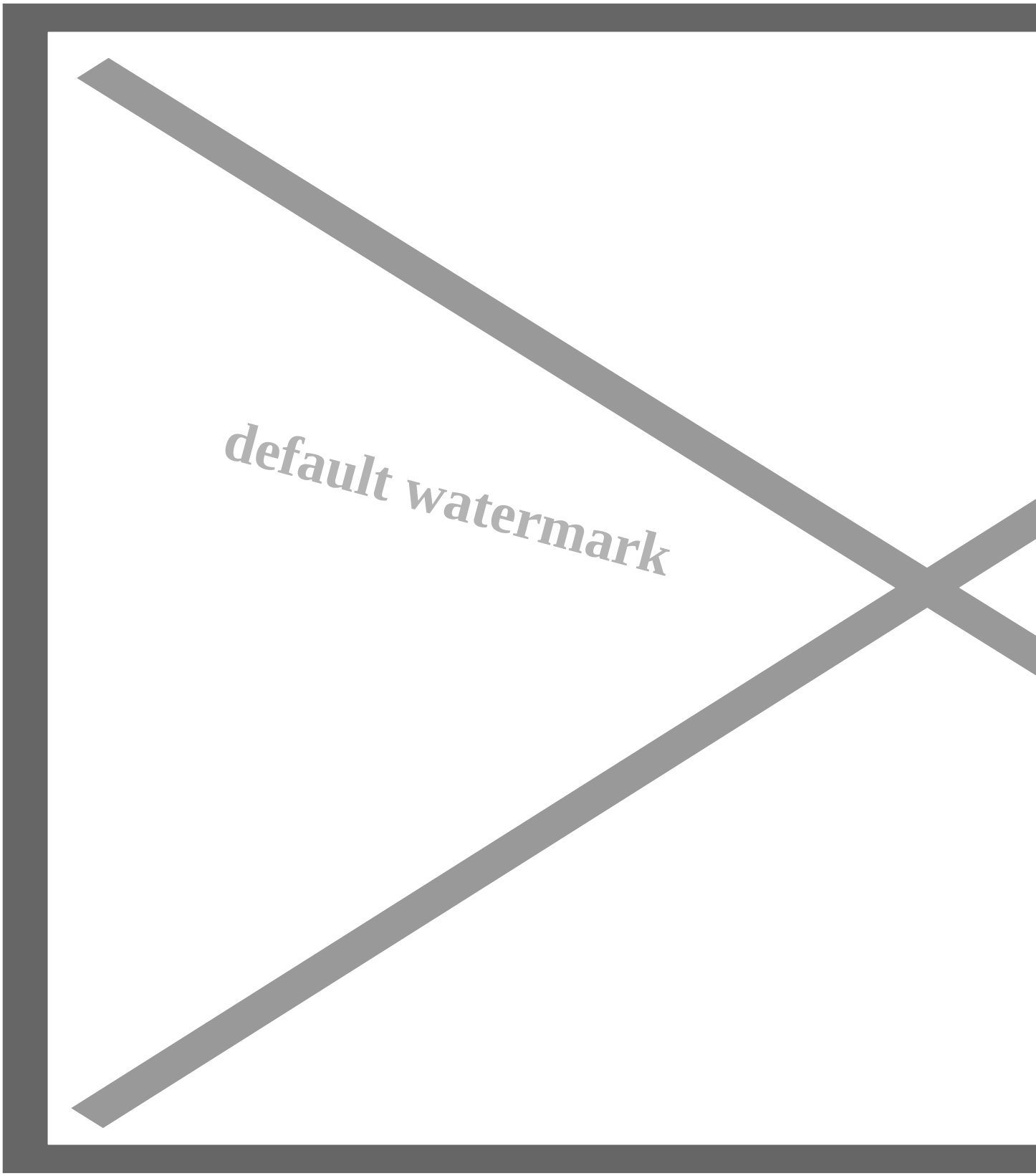
Since Iâ??ve already covered (ii) in recent posts, Iâ??ll focus on (i) today for the risk-adverse folks / savers.

I donâ??t expect the banks to raise their interest rates anytime soon (unless the Fed does, and the world decides it is time to up interest rates on borrowings), so that option is out. Either stick with your < 1% or start looking around for other options.

The same goes for fixed deposits. In fact, with rates being so poor right now, Iâ??d personally rather park my savings in a high-yield bank account where Iâ??ll at least get the same, if not a slightly higher rate, without having to lock-up my funds. The trade-off for the payout just isnâ??t worth it.

Your best bet would be to go for **short-term endowment plans**. These have been popular in recent times, and are likely to continue to sell out fast each time a new tranche is launched, so youâ??d want to pay attention and look out for promotions.

One of the best offerings right now, for instance, is Great Easternâ??s **GREAT SP Series 3**.



At **1.55% p.a. for a 3-year tenure**, it even beats having your savings in a high-yield bank savings account *(of course, if youâ??re one of the rare few who can hit higher than 1.55% on your bank account and have yet to hit*

your max. limit for bonus interest rates, then you may want to reconsider).

GREAT SP Series 3

Key Details:

- **1.55% p.a.** guaranteed returns at maturity
- **3 years commitment**
- Single premium plan (i.e. just pay once)
- **Minimum premium: $10,000**

You can either opt to receive your 1.55% guaranteed payouts at the end of each policy year, or reinvest them for a higher payout at the end of the 3-year policy term.
Whatâ??s more, it is 100% capital guaranteed at maturity. Plus, this policy is protected under SDICâ??s Policy Ownerâ??s Protection Scheme.
You can also use your SRS funds for this (many of the other alternatives donâ??t offer that option) or use cash via bank transfer, AXS, eNETS or PayNow. With online application available, this makes it super convenient for those of you who just want to get it done in minutes.

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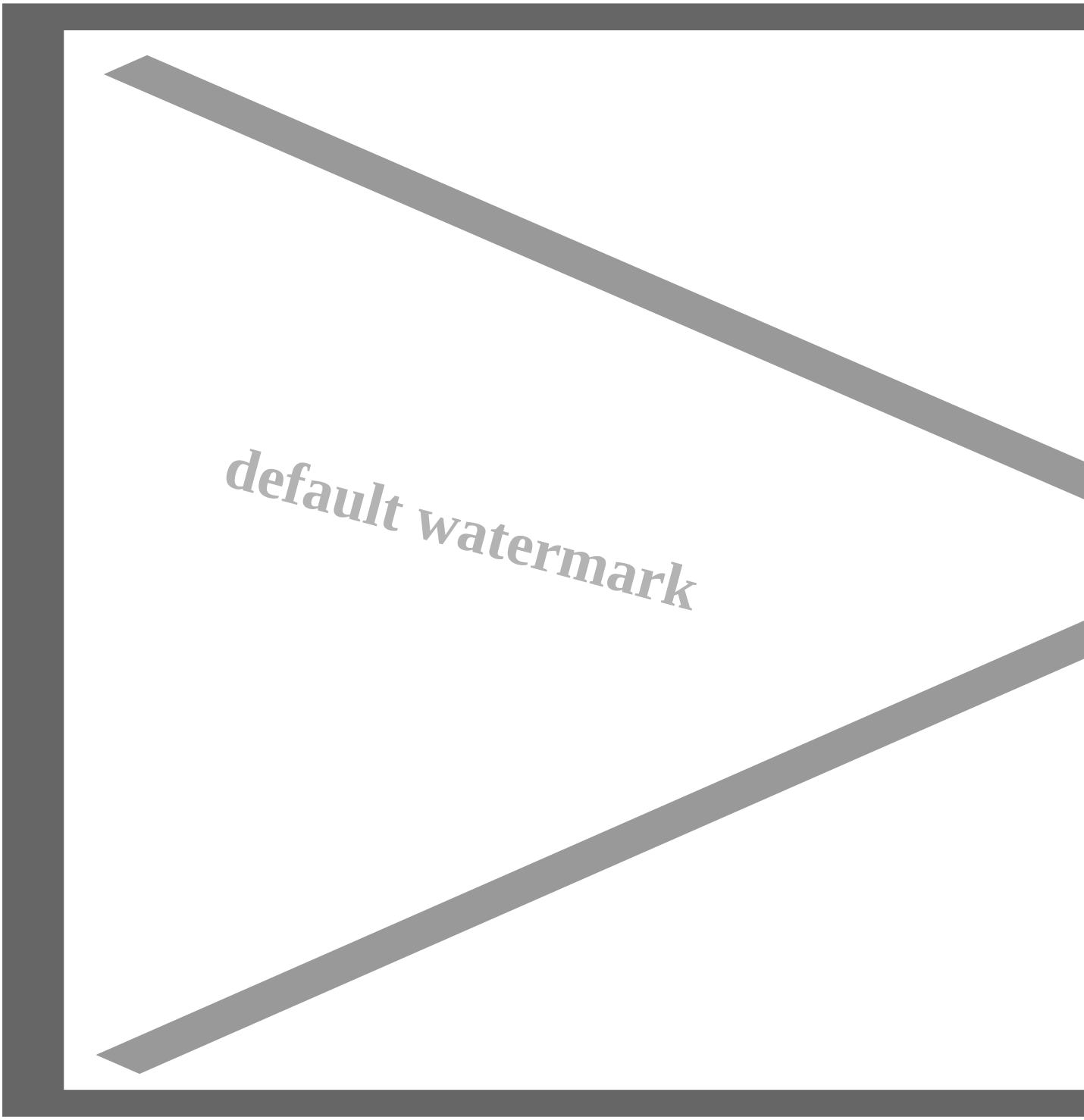

How does it stack up against other options?

Thereâ??s no fight when you compare this to fixed deposits â?? GE GREAT SP Series 3 definitely wins hands-down.

As for how it stacks up with other short-term endowment plans in the market right now, it is also pretty much the best rate at this tenure and minimum deposit requirement. Thereâ??s only one other plan higher than this is 1.63%

p.a. for the same 3-year tenure, but the trade-off is that you need to commit a minimum of **3 time more capital** ($30,000) and you **cannot buy the plan online.** The other options barely stack up, such as:

- 0.82% p.a. for 3-years, min. $5,000
- 1.17% p.a. for 5 years, min. $20,000
- 1.22% p.a. for 5 years, min. $50,000

If you donâ??t want any surprises (or heart attacks) when it comes to your cash, youâ??ll be pleased to know that the **GREAT SP Series 3** not only **guarantees your capital,** but also provides a **guaranteed return of 1.55% p.a** at the end of 3 years.

Its **short commitment of 3 years** also makes it suitable for the near term, even as we see interest rates being cut repeatedly across banks, fixed deposits and even short-term endowments.
On top of that, thereâ??s no medical underwriting required for entry, and the plan provides for coverage against death and total and permanent disability.
For instance, if youâ??re saving up for downpayment on your next property, this could be a good place to park your cash while waiting.

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At such competitive rates, Iâ??m not sure how long this tranche will remain open, but we do know from previous short-term endowment plans that they generally sell out quickly, so you may want to check out more information here and decide if this will be suitable for you as well.
P.S. I heard the tranche is closing soon, so if youâ??re interested, **apply online here**.
Alternatively, you can also apply via OCBC branches or their online page here.
Disclosure: This post is written in collaboration with Great Eastern. All opinions are that of my own.

Category

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