CEO Morning Brief

The way forward for retirement planning

By Kuek Ser Kwang Zhe / theedgemalaysia.com
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KUALA LUMPUR (Oct 4): In this day and age, Malaysians are required to take a long and hard look at their retirement plans, as many are unlikely to retire comfortably without the right preparations.

Retirement planning is no longer what it used to be, especially when the landscape has changed so drastically in recent years.

As a starter, the World Bank Group expects one in every five Malaysians to be aged 65 and above by 2056, officially joining the list of a “super-aged nation”.

The pace at which the country will transition from an ageing nation to a super-aged nation, in just 24 years, is similar to that of Japan and other high-income economies.

On top of the changing demographics, the Employees Provident Fund (EPF) has said — as early as six years ago in 2017 — that only 18% of its members have savings of RM197,000 to RM228,000, the minimum savings target back then.

Furthermore, over two-thirds (or 68%) of its members aged 54 and above had less than RM50,000 in EPF savings, which would last them for up to four-and-a-half years, when most of them are likely to live for another 20 years.

The situation is worsened by the pandemic, with some forced to withdraw their EPF savings under the special withdrawal schemes to weather the resulting economic shock.

According to the Ministry of Finance, a total of RM101 billion had been withdrawn by EPF members under the three special schemes i-Sinar, i-Lestari and i-Citra.

Others opted to reduce their monthly EPF contributions to beef up their cash flow position during the period.

While these moves were necessary to ensure survival through one of the toughest periods in their lives, it could be at the expense of the quality of their future lives.

Things do not look much brighter on the investment front either.

Global markets have turned increasingly volatile and unpredictable since the pandemic, driven by the black swan event and multiple shocks across inflation, energy prices, and interest rates, which have already triggered a mini banking sector crisis and raised concerns towards companies that over leveraged during the low interest rate era.

Just as investors were less worried about a recession happening in the US, China's economic growth has failed to live up to the expectation of economists and analysts.

Rising geopolitical tensions between the world's two largest economies have also fuelled a de-globalisation narrative, risking slower economic growth and trade activities.

When a sizable portion of the country's population is getting older and finding it increasingly hard to save and invest for the future, it is paramount that the country has sufficient facilities and infrastructure in place to look after its elderly.

In a modern family, when a husband and wife both have to work and probably even have children to take care of, do we have enough aged care centres or retirement villages in the market to cater to the needs of the elderly?

Even if there were, are there proper rules and guidelines regulating these operators and service providers? Are their services priced at levels that are available to the common households that need them the most, or only to the affluent? What about the public healthcare sector? Has it allocated enough resources to attend to the rising demands from the elderly?

With a fast ageing population, do our buildings and infrastructure have the amenities to accommodate them, such as appropriate car parks, seating and washrooms?

On top of all this, wealth protection and distribution are another two topics that one might want to explore in regards to retirement planning.

The reasons are simple. With sufficient insurance coverage, one needs to fork out less for health and medical bills than otherwise.

This could leave them with more funds allocated for retirement. For those who are still without an insurance policy, they might want to explore options to protect their health and wealth heading into their twilight years.

Wealth distribution is an obvious necessity, as the elderly would want to start thinking about how their funds and assets are distributed once they pass on.

In light of all these challenges and the shake-up necessary to address this broad topic of retirement planning, *The Edge* will hold the Retirement Reimagined Forum 2023 titled “The Way Forward” this October 7 (Saturday).

The event, which will deliberate on how Malaysians should rethink about retirement planning, would see EPF CEO Datuk Seri Amir Hamzah and former health director general Tan Sri Noor Hisham Abdullah share valuable insights on the retirement landscape locally and what can be done moving forward.

Nor Fazlina Mohd Ghouse, CEO of Maybank Trustee Bhd will also be sharing her knowledge on wealth transfer and distribution.

On top of that, Datuk Wira Ismitz Matthew De Alwis, CEO at Kenanga Investors Bhd will join Amir Hamzah in one fireside chat session, while Bryan Lin, CEO of Subang Jaya Medical Centre will share the stage with Noor Hisham in the other.

Kenanga Investors Bhd, Subang Jaya Medical Centre, EPF, Pacific Senior Living and Maybank Trustees Bhd are event partners for the Retirement Reimagine Forum 2023, which will be held at the Mandarin Oriental KL this Saturday.

Edited By Adam Aziz