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## MEDIA RELEASE

# MEF: EPF Withdrawal Should only be Upon Reaching Retirement Age

PETALING JAYA: MEF is very concerned that the recent withdrawals from the savings of EPF members through i-Lestari, i-Sinar and i-Citra facilities with a total withdrawal of RM101.1 billion exposed the members to risks of falling into old-age poverty. Currently about 48% of EPF members below age 55 have critically low savings. The government should not allow further withdrawal. To replenish the EPF savings members that made withdrawals from their EPF savings need to work for four to six years just to cover the amount they withdrew over the Covid 19 period. As it is unlikely that the retirement age will be raised, such employees would not have enough EPF savings for their retirement.

MEF President Dato' Dr Syed Hussain Syed Husman J.P. said that employees are employers' greatest asset. Employers take care of the needs of employees with all kinds of benefits such as medical and hospitalization, housing, education, vehicle and personal loans to assist the employees to lead better lives. Employers always hope that their employees would live a good life upon their retirement. It is undeniable that the vast majority of employees have to depend on their EPF savings when they retire. Unfortunately with the constant EPF withdrawals there will not be much to live with upon retirement. Even if they have, the spiraling cost of living will erode their purchasing power and as such not much will be left.

“While working, most of the needs of employees including medical benefits are supported by employers. When they retire and with ageing comes many problems. They must have sufficient funds upon retirement to take care of their requirements.”

“As society becomes more complex the concept of extended family is no longer viable. The ageing parents have to depend on their own savings. To expect the children or close family members to take care of them in today's living conditions is just not possible. Some of the ageing parent need homecare and all these require adequate savings.”

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“With Malaysia reaching ageing population by 2030 and in true spirit of Keluarga Malaysia, the government is also responsible to ensure that they have enough and adequate savings to live a normal life till it ends.”

“The government must think of other schemes to assist them rather than withdrawing from the EPF savings meant for old age requirements. This responsibility cannot be passed to the individual employees. As citizens, during their prime life and career they have contributed a lot to the nation. It’s the nation’s role to take care of them when they retire”

“To address adequacy of EPF savings upon retirement it is critical that withdrawal should only be allowed upon reaching the age of retirement at 60. It is critical that the current policy of allowing one third withdrawal upon 50 years and withdrawal of all EPF savings at age 55 be reviewed. Since the retirement age was raised from 55 to 60 years, it is no longer relevant for EPF to allow members to withdraw the EPF savings upon reaching 55 years”

“Based on the current situation it is indeed very worrying to note that only 3% of Malaysians can afford to retire comfortably. It is very clear that there is an urgent need for far-reaching solutions covering an effective social safety net programmes, robust labour market policies, sustainable economic growth, reskilling and upskilling of the labour force, as well as policies to encourage automation and digitalisation to help increase productivity and make the economic cake bigger so that employees have better chance to earn more, thereby increasing their contributions to the EPF,” added Dato’ Dr Syed Hussain.

Dato’ Dr Syed Hussain states further that the Covid-19 pandemic had disrupted the employment landscape and many employees that lost their jobs during the pandemic entered the informal sector where they are mostly not covered by any form of social security. It is critical for the government to address the need of social security coverage including old age savings for those within the informal sector to ensure that no one is left behind.



To ensure that members of EPF have adequate savings for their retirement, MEF recommends that there should not be any more withdrawal schemes from EPF savings prior to EPF members reaching their age of retirement.

For further information, contact the MEF Secretariat at 03-7955-7778 or fax 03-7955-9008 or email [mef-hq@mef.org.my](mailto:mef-hq@mef.org.my).

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