

MEF FULLY SUPPORTS YAB DATO' SERI ANWAR'S DECISION OF NOT ALLOWING FUTURE EPF WITHDRAWALS

PETALING JAYA: YAB Dato' Seri Anwar Ibrahim, Prime Minister stated that the government needs to consider the plight and the future of EPF's contributors before they are allowed another round of special EPF withdrawals. It was better for the government to look for other effective options to assist those impacted by COVID-19 pandemic.

MEF President, Datuk Dr. Syed Hussain Syed Husman P.J.N., J.P. stated that "MEF is very concerned that the recent withdrawals from the savings of EPF contributors through i-Lestari, i-Sinar and i-Citra special withdrawal schemes with a total withdrawal of RM101.1 billion exposed the EPF members to risks of falling into old-age poverty. MEF fully supports the decision of YAB Dato' Seri Anwar of not allowing further withdrawal of EPF savings but look at other alternative ways to assist those impacted by covid 19 pandemic and big floods. MEF appreciates the bold decision and the political will of the Unity Government of not allowing further EPF withdrawals prior to attaining age of retirement. The decision will go a long way to ensure the long-term sustainability of EPF savings for old age. It is targeted that EPF contributors should have a minimum level of **RM 280,000** saving on attaining the age of retirement. With minimum savings of **RM 280,000** at age of retirement the retiree will be assured of minimum of RM 1,555 to use every month up to age 75 years."

"With the i-Lestari, i-Sinar and i-Citra special withdrawal schemes, currently about 48% of EPF members below age 55 have critically low savings. To replenish their EPF savings, members that made withdrawals from their EPF savings need to work for 4 to 6 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."

“With Malaysia reaching ageing population by 2030 and in true spirit of Malaysia Madani, the government should also be responsible to ensure that EPF contributors that retire 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.”

Datuk Dr. Syed Hussain states further that “The government should Look into better government financial support rather than asking EPF contributors to use their money which is meant for old age savings. Today many of the are still working and they enjoy many benefits from employment. However, when they retire all these employment benefits ceased to apply. For most of EPF contributors, upon retirement, their only means is the EPF funds saved. To allow withdrawals of this safety net is not a smart idea. Government needs to utilise all its Financial resources to come up with other government schemes to support its loyal citizen who are still working and need financial support. The reality is that today’s children with jobs also cannot take care of the parents let alone their own families. Government must use our tax monies and other Social contributions to provide better medical care and nursing homes for their older citizen. This is the responsibility of good government. We need government to look into in future to build senior citizen homes or township to take care of them. EPF alone cannot guarantee such benefits to its citizen as the cost is getting too high. MEF is happy that the Unity Government is looking into all these and they understand what is good and practical to be implemented for sustainability of life upon retirement.”

“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 upon reaching the age of retirement. It is very clear that there is an urgent need far-reaching solutions covering an effective social safety net programme, 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 Datuk Dr Syed Hussain.

For further information, please contact the MEF Secretariat at 03-7955-7778 or fax 03-7955-9008 or email mef-hq@mef.org.my.

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