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PERSEKUTUAN MAJIKAN-MAJIKAN MALAYSIA

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MEDIA RELEASE

MEF SUPPORTS THE POSITION OF EPF THAT THE RETIREMENT FUND HAS SUFFICIENT LIQUIDITY TO MEET ALL ITS OBLIGATIONS

PETALING JAYA: MEF is fully confident that there is no cash crunch crisis in the Employees Provident Fund (EPF). EPF has refuted speculation of a cash crunch crisis building up in the retirement fund as well as speculation on an amendment of the EPF Act to prevent retirees from withdrawing their savings. EPF clarified that the sale and purchase of overseas assets is a normal part of EPF's investment operations as one of its asset allocation strategies. EPF stressed that the sale of overseas assets was not for the payment of premature withdrawals.

MEF President Datuk Dr Syed Hussain Syed Husman, PJN, JP, said that even though the four special Covid 19 pandemic-related withdrawals have resulted in significant reductions in the amount of retirement savings for the members involved, the EPF still remained financially strong and even declared a dividend rate of 5.35% for Conventional Savings and 4.75% for Syariah Savings for the year 2022, with a total payout amounting to RM51.14bil. Notwithstanding the weak performance of equity markets in 2022, the EPF's diversification strategies across different sectors and geographies has been effective in ensuring reasonable returns on its investments.

“Covid-19-related programmes have affected Employees Provident Fund (EPF) members' savings by around RM145 billion. The i-Lestari, i-Sinar, i-Citra as well as the special one-off withdrawal of RM10,000, had resulted in around RM145 billion being withdrawn during the Covid 19 pandemic. The special pandemic-related withdrawals have resulted in significant reductions in the amount of retirement savings of the members involved. As of March, 70.5% out of the 7.2 million active formal sector members aged 18-55 years do not meet EPF's basic savings threshold. 3.1 million or 39% of members who made special withdrawals and are below age 55 years as of January 2023 have not started rebuilding their savings. Their savings levels are low with a median savings of RM890. Thus, it is

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critical for members of EPF to rebuild their retirement savings and MEF fully supports the government decision not to allow further withdrawal from the EPF savings meant for old age” adds Datuk Dr Syed Hussain.

“The policies on EPF withdrawals have to be reviewed to be synchronized with the current retirement age of 60 years. The one third withdrawal on attaining age 50 years and total withdrawal at age 55 were introduced when the retirement age was 55 years. In July 2013 the government raised the retirement age to 60 years but the withdrawal policy on age 50 and 55 years remained. Such policy lead to claims that the EPF contributors do not have enough retirement savings when they retire at 60 years.”

Datuk Dr Syed Hussain states further that “As EPF is financially stable there is no reason why the retirement fund needs to amend the EPF Act to prevent retirees from withdrawing their savings.”

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

13th APRIL 2023