

Increasing age limit to 65 reduces jobs for the young, says MEF



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Datuk Syed Hussain Syed Husman

SHAH ALAM - The proposed retirement age limit from 60 to 65 may not be suitable for Malaysia as youth unemployment is still high, said the Malaysia Employer Federation (MEF) president Datuk Syed Hussain Syed Husman.

"Now is not the appropriate time for Malaysia to increase the statutory retirement age because the unemployment rate is at 3.7 per cent while jobless youths are more than 10 per cent.

"Increasing the retirement age from 55 years to 60 years has caused the loss of approximately a million job opportunities for new graduates and new entrants to the labour market.

"This is because the employees who should have retired automatically continued their service. About 200,000 workers in private sector in Malaysia retire every year," he told Sinar.

Syed Hussain said the 60-year age for an employee is adequate in most job sectors, further adding that raising retirement age will hinder efforts to rejuvenate Malaysian labour market and national economy.

"Although it may be beneficial to extend retirement age in terms of maintaining an older workforce who works well and has a stable income stream especially among those who have meager retirement savings, however, it may be challenging for employers.

"Especially for the workers whose work requires physical energy such as in construction, farming and manufacturing. In jobs that demand such physical strength, age is a factor that can affect their performance and productivity," he said.

Syed Hussain added that increasing retirement age limit may increase employer's medical costs because many insurance companies are not keen in providing protection for aged workers.

On Sunday, Social Protection Contributors Advisory Association Malaysia (SPCAAM) suggested that workers in this country are allowed work until the age of 65 on their own free will.

Previously, World Bank Group representative in Malaysia suggested that the government re-examine the retirement age limit policy following Malaysia's status as a possible country having an aging society in the future.

However, several trade unions, including the Malaysia Trade Unions Congress (MTUC) and Congress of Union of Employees in the Public and Civil Services (Cuepacs) see that there is no urgent need for the government to increase the existing retirement age limit.