

'Govt should control PPF'

Scheme may collapse in the hands of private sector, warns MTUC

THE much talked about Private Pension Fund (PPF), targeted at those outside the current pension scheme and the self-employed, should not be left in the hands of profit-driven companies.

The MTUC warned the Government not to let the private companies handle the planned PPF.

Congress president Syed Shahir Syed Mahamud said such a scheme might collapse if left in the hands of the profit-driven private sector.

He said the government should control such funds just like the Socso scheme.



"The government should take heed from the lessons learnt in other countries, such as the United States, Argentina and Chile, where the government had to take over the responsibility of handling the funds from the private sector.

"For example, the scheme in the US started to burden contributors, to the

point that the government had to take over the scheme," he said.

Prime Minister Datuk Seri Najib Tun Razak announced in his Budget speech the PPF would kick off next year, with the existing income tax relief of up to RM6,000 for EPF contributions to be extended to include contributions to the PPF.

Employers would also be given tax deductions on contributions made on behalf of employees.

Syed Shahir said it was the responsibility of the government to take care of public health, education, security,

and welfare.

"Therefore the scheme should be handled by the government for the people," he said, adding the scheme should be protection-orientated and not profit-driven.

Malaysian Employers Federation (MEF) executive director Shamsuddin Bardan said the income tax relief was not attractive to the target group as there were no incentives.

"They should be given full tax exemption instead of just up to RM6,000," he said, adding this would encourage people to contribute to the fund.