

MEF: Good idea to save in EPF voluntary scheme



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Pandemic-related withdrawals, namely i-Sinar, i-Lestari and i-Citra resulted in critically-low levels of savings for those below age 55. – ADIB RAWI YAHYA/THE SUN

PETALING JAYA: With the Employees Provident Fund (EPF) paying good dividends consistently, perhaps it is time for people to consider saving in the EPF Voluntary Contribution scheme.

Malaysian Employers Federation (MEF) president Datuk Dr Syed Hussain Syed Husman said people should consider the option for retirement.

“This will ensure that they have enough savings in EPF to see them through old age. It was revealed recently that only 3% of contributors could afford retirement as Covid-related withdrawals over the past two years have had a massive impact on contributors’ savings,” he told *theSun*.

He said the pandemic-related withdrawals, namely i-Sinar, i-Lestari and i-Citra resulted in critically-low levels of savings for those below age 55, and it is estimated that 54% of EPF members aged 54 and above would have less than RM50,000 upon retirement.

"EPF has about 15.1 million members, of whom about 7.6 million are active contributors. Members should have at least RM240,000 in their EPF savings account when they reach retirement age."

Syed Hussain said it was also estimated that only 27% of members aged between 18 and 55 have sufficient savings.

"It is important that the issue of inadequate savings for retirement be addressed urgently."

He added that under the EPF Voluntary Contribution scheme, a member must contribute at least RM5 a month or RM60 a year, and contributions can be made at any time, according to individual financial capability.

He said contributors may make withdrawals and receive dividends on their savings.

"Malaysians working overseas, the self-employed, business owners and commission agents may pay any amount up to RM60,000 a year.

"Other initiatives to consider are i-Suri, i-Saraan, a soon-to-be-introduced insurance scheme for chronic illnesses and death, free financial planning and savings consultation through the Retirement Advisory Service, and the Belanjawanku programme, that helps guide members to plan their monthly budgets."

Malaysian Trades Union Congress acting president Mohd Effendy Abdul Ghani lauded the voluntary savings scheme, especially for those not mandated by law to contribute to EPF.

"Malaysia is expected to achieve an 'aged nation' status by 2030, when it is expected that 15.3% of the total population will be aged 60 and above.

"To get immediate medical treatment, we may need to go to a private hospital because we have to wait our turn at government hospitals, and this is where we can rely on an old-age savings fund."

Mohd Effendy advised those who had withdrawn their savings via the i-Sinar and i-Citra initiatives to strive to increase their contributions when their monthly income increases.

"There are many advantages to retiring later and making voluntary contributions."

He cited the high dividend of 6.1% for Conventional Savings and 5.65% for Shariah Savings declared for 2021.

"EPF dividends are between 5% and 6%, based on previous years. This can be categorised as a type of passive income."

Mohd Effendy said in addition, contributions to EPF are tax exempt, and the maximum contribution is RM60,000 per year.

He also advised pensioners to seriously consider saving in the EPF Voluntary Contribution scheme