

Govt should not allow further withdrawal from EPF: MEF

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KUALA LUMPUR: The Malaysian Employers Federation (MEF) today said there should not be any more withdrawal schemes from the Employees' Provident Fund (EPF) savings prior to its members reaching their retirement age of 60 to ensure they have adequate savings.

MEF said it is very concerned that the recent withdrawals from the savings of EPF members through i-Lestari, i-Sinar and i-Citra facilities with a total withdrawal of RM101.1 billion exposed the members to risks of falling into old-age poverty.

Currently, about 48 per cent of EPF members below age 55 have critically low savings.

“The government should not allow further withdrawal. To replenish the EPF savings, members who made withdrawals from their EPF savings need to work for four to six years just to cover the amount they withdrew over the Covid-19 period,” said MEF president Datuk Dr Syed Hussain Syed Husman.

As it is unlikely that the retirement age will be raised, such employees would not have enough EPF savings for their retirement, he said.

“With Malaysia reaching ageing population by 2030 and in true

spirit of Keluarga Malaysia, the government is also responsible to ensure that they 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.”

MEF also suggested 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.”

Syed Hussain said, based on the current situation, it is indeed very worrying to note that only three per cent of Malaysians can afford to retire comfortably.

“It is very clear that there is an urgent need for far-reaching solutions covering an effective social safety net programmes, 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,” he added.-*Bernama*