

MEDIA RELEASE

MEF: SPECIAL RM10,000 EPF WITHDRAWAL ONLY IF IT IS ABSOLUTELY NECESSARY

Petaling Jaya: YAB PM Datuk Seri Ismail Sabri in a special announcement today, aired on the national television stations, announced the government's decision to allow EPF contributors to make a special withdrawal of RM10,000. The decision to allow the special withdrawal was made to help ease the burden of Keluarga Malaysia members who are still impacted by the Covid-19 pandemic. The YAB PM said that it was a difficult decision to make, the government had to take the middle-of-the-road approach to strike a balance between contributors' current pressing needs and their savings for the future.

MEF President Dato' Dr. Syed Hussain Syed Husman J.P. stated that "the RM10,000 EPF special withdrawal should be based on the special needs of each EPF member and not be based on a blanket approval that allows all EPF contributors to withdraw RM 10,000 from their EPF accounts. Since the EPF will be providing further details on the government's decision to allow EPF contributors to make a special withdrawal of RM10,000, as announced by Prime Minister Datuk Seri Ismail Sabri Yaakob today, MEF hopes that the EPF management will incorporate and detailed the special circumstances that will be considered as the basis to allow the special withdrawal."

MEF fully supports the statement by Finance Minister YB Tengku Datuk Seri Zafrul Tengku Abdul Aziz that the EPF will also announce measures that will be taken to address the declining retirement fund. YB Tengku Datuk Seri Zafrul Tengku Abdul Aziz also urged contributors to maintain their savings unless the situation was really urgent, and hoped that they would consider the matter carefully before making withdrawals, for the sake of their future.

Dato' Dr. Syed Hussain states further that "MEF is very concerned that the 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% of EPF members below age 55 have critically low savings. To replenish the EPF

savings members that made withdrawals from their EPF savings, it is estimated that they need to work for four to six years longer just to cover the amount they withdrew over the Covid 19 period. As it is unlikely that the retirement age will be raised, such employees would not have enough EPF savings for their retirement.”

“Employers always hope that their employees would lead a good life upon their retirement. It is undeniable that the vast majority of employees have to depend on their EPF savings when they retire. Unfortunately with the constant EPF withdrawals there will not be much to live with upon retirement. Even if they have, the spiraling cost of living will erode their purchasing power and as such not much will be left.”

“With Malaysia reaching ageing population in 2030 and in true spirit of Keluarga Malaysia, the government should also responsible to ensure that they have enough and adequate savings to live a normal life till the end. The government must think of other schemes to assist them 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 reached retirement.”

“MEF is of the view that to address adequacy of EPF savings upon retirement it is critical that withdrawal should only be allowed upon reaching the age of retirement at 60. It is critical 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.”

“Based on the current situation it is indeed very worrying to note that only 3% of Malaysians can afford to retire comfortably. It is very clear that we need far-reaching solutions covering an effective social safety net programme, 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.”

“Covid-19 had disrupted the employment landscape and many employees that lost their jobs during the pandemic entered the informal sector where they are mostly not covered by any form of social security. It is critical for the government to address the need of social security coverage including old age savings for people within the informal sector to ensure that no one is left behind.”

Dato’ Dr. Syed Hussain adds further that “EPF is a retirement savings and withdrawal should be allowed only when the contributor reaches the retirement age. If such rule is implemented strictly then the target that each contributor should at least hasat least RM 280,000 in the EPF account would be achieved. The employees may save more than the employee statutory rate of EPF contributions as part of retirement savings. The government should encourage more savings to EPF from employees.”

“The government should find ways to alleviate the difficulties faced by the Rakyat through government funding schemes rather than using old age saving funds. It is during this younger age can the Rakyat save to be used for old age . Under the concept of KeluargaMalaysia there must be other forms of assistance to alleviate the difficulties faced by the Rakyat than utilizing the little savings they have now.”

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