

MEDIA RELEASE

MEF APPRECIATES THE CONCERNS AND EFFORTS OF YAB DATO' SERI ANWAR TO FIND ALTERNATIVE MEANS TO ASSIST THE RAKYAT INSTEAD OF RESORTING TO FURTHER EPF WITHDRAWALS

PETALING JAYA: The Prime Minister YAB Dato' Seri Anwar Ibrahim highlighted that the four tranches of Employees Provident Fund (EPF) withdrawals in the past two years have resulted in the members' basic savings dwindling from 36% in 2020 to 29% at the end of 2022. This will result in more than two-thirds of active EPF contributors aged 55 years and below will struggle to retire above the poverty line. 71% or two-thirds of active contributors aged 55 and below are in a serious situation where their savings are insufficient for them to retire. As of December 31st last year, up to 6.7 million EPF members aged below 55, or 51% of the total, had less than RM10,000 left in their accounts following the four withdrawals in the last 2 years.

MEF President, Datuk Dr. Syed Hussain Syed Husman P.J.N., J.P. stated that "MEF thanks the Prime Minister YAB Dato' Seri Anwar for his concerns on retirees. We as employers have agreed that EPF contribution is meant for old age saving to be used for retirement and employers hope that there will be adequate EPF saving for the employees to use upon retirement. Employers are also concerned of the trend of allowing withdrawals from EPF savings in the last two years that resulted in about 6.7 million EPF members aged below 55, or 51% of the total, had less than RM10,000 left in their accounts."

"MEF hopes that the government will seriously look at other ways to address the issues of high costs of living. The government may work out targeted subsidies or other options for people who need the funds. MEF is happy that the government under the leadership of YAB Dato' Seri Anwar is addressing these hard facts faced by the Rakyat. MEF is confident that with all the experts and advisers in the government they will come up with the right policies to support the needy."

Datuk Dr. Syed Hussain states further that “MEF stands by its earlier support of the decision of YAB Dato’ Seri Anwar of not allowing further withdrawal of EPF savings but look at other alternative ways to assist those impacted by covid 19 pandemic and big floods. MEF appreciates the bold decision and the political will of the Unity Government of not allowing further EPF withdrawals prior to attaining age of retirement. The decision will go a long way to ensure the long-term sustainability of EPF savings for old age. Without further withdrawals EPF contributors would be able to attain minimum level of RM 280,000 EPF savings on attaining the age of retirement. With minimum savings of RM 280,000 at age of retirement the retiree will be assured of minimum of RM 1,555 per month to use up to age 75 years.”

“To address adequacy and sustainability of EPF savings upon retirement it is critical that withdrawal should only be allowed upon reaching the age of retirement at 60. It is therefore 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 retirement age was raised from 55 to 60 years in 2013, it is no longer relevant for EPF to allow members to withdraw the EPF savings upon reaching 55 years. Withdrawal of EPF savings should be synchronised.”

For further information, please contact the MEF Secretariat at 03-7955-7778 or fax 03-7955-9008 or email mef-hq@mef.org.my.

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