

Not the right time to raise retirement age, says MEF



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MEF president Datuk Dr Syed Hussain Syed Husman.

SHAH ALAM - The Malaysian Employers' Federation (MEF) disagrees with raising retirement age in other sectors to 61, as implemented by commercial banks.

Its president Datuk Dr Syed Hussain Syed Husman said it is not the appropriate time for such a change, considering the current unemployment rate of 3.7 percent and a youth unemployment rate exceeding 10 percent.

He said the decision to raise the retirement age from 55 to 60 years in July 2013 led to the loss of around one million job opportunities for fresh graduates and entry-level workers in the labour market.

"Allowing workers to work longer and retire after 60 will maintain the labour supply providing older workers a longer income stream in an ageing society especially when they are still healthy and productive.

"But it will prevent efforts to revitalise the labour market and the overall economy in its current unemployment scenario especially among youths and graduates," he told Sinar.

On Sunday, a collective agreement (CA) was signed by the National Union of Bank Employees (Nube) with the Malaysian Commercial Bankers Association officially establishing the new retirement age for commercial bank staff in the country as 61 years.

Nube secretary-general J Soloman had said the latest retirement age applies to commercial bank staff who have served full time and does not include those on a contract basis.

Employees in other sectors retire at 60.

Hussain said although there are benefits to increasing the retirement age, such as maintaining an older workforce, it would also present challenges for employers. This would be particularly be so in sectors that require physical strength, such as construction, agriculture, and manufacturing sectors

Hussain added the overall increase in retirement age would also lead to an increase in medical costs borne by employers. This is because most insurance companies are not interested in providing coverage for older workers