

Choice for retirees

New EPF pension and annuity scheme offers a lump sum cum monthly pension

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KUALA LUMPUR, Sat: Employees' Provident Fund contributors will have an option – they can either withdraw all their savings from the fund when they turn 55 or invest up to 50% of their funds in a pension scheme.

This will be a key ingredient of a new-look EPF annuity and pension scheme which was announced by Prime Minister Datuk Seri Dr Mahathir Mohamad last night.

The EPF management, after consultations with various public interest groups, has put together the scheme which gives members the best of both options – a lump sum and/or a monthly pension.

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Those who sign up for the scheme will be given a grace period during which they can seek a second opinion and decide if they really want to opt for the scheme.

This, the board argues, will eliminate complaints of aggressive selling methods used by agents of the scheme.

According to EPF figures,

participating insurance companies had collected RM2.7 billion in premiums from 137,692 participants before the scheme was suspended.

Although the prime minister wants the EPF to act as an insurer and do away with middlemen – and so providing better dividends to members – the insurance industry believes it can play a useful role.

This is because the EPF

does not have an agent network or the expertise to “sell” the scheme on a personal basis.

According to an insider, insurance industry leaders, are disappointed that they have been cut out of a potential market.

“Insurance is sold on a personal basis. People have to be convinced of the benefits and they will not buy if they have doubts about the product,” the

industry source said.

“Agents must go out there and meet the people and provide the answers to all their questions. If not, the scheme will not succeed.”

Instead of EPF recruiting and training agents, the source argued, it could use the existing pool of trained insurance personnel who can go out to the field and explain the benefits of the product.

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