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Mahathir-Annuity

ANNUITY SCHEME TO BE FULLY MANAGED BY EPF

KUALA LUMPUR, Oct 5 (Bernama) -- The Employees Provident Fund's annuity scheme will be fully managed by the EPF, Prime Minister Datuk Seri Dr Mahathir Mohamad announced tonight.

The scheme was launched in July last year and operated by the EPF jointly with several insurance companies. It was suspended in May after strong objections from various groups including the Malaysian Trades Union Congress (MTUC).

Dr Mahathir said the revised scheme was quite similar to the original one but the contributors would enjoy better returns.

He said payments would be made for a 20-year period after taking into account, among others, the total savings and total estimated income.

"The EPF will not make a lump sum payment...but in monthly instalments," he said at the EPF's 50th anniversary dinner.

However, if the participants wished to withdraw the entire amount, they were free to do so.

"If they wish to withdraw part of the amount to do business, they can do so too. The other part will be paid in instalments," added Dr Mahathir.

The government ordered the scheme's suspension to enable a review to be carried out after the MTUC and others said contributors would get a better deal if the scheme was fully managed by the EPF.

"After making the review, the government opted for the middle way -- not using the services of insurance companies but with the EPF becoming the insurance agents," said the Prime Minister.

He said there would be better returns for the contributors if the insurance companies were out of the picture and the EPF managed the scheme by itself.

"No commissions will be paid to insurance agents. The EPF will invest the money and pay dividends besides the monthly instalments," he said.

Dr Mahathir, who is also the Finance Minister, said the government had prepared the draft of the revised scheme for the EPF to act on.

He hoped that there would be no more objections to the annuity scheme, a retirement programme where a portion of the worker's EPF contributions, upon their consent, is managed and disbursed like pension payments on a monthly basis upon their retirement.

In his speech, Dr Mahathir also said that the "industrial peace" between employers and workers in the country had enabled the EPF to grow at a rapid phase to emerge as the country's biggest fund.

"...bigger than the country's annual expenditure," he said.

The EPF currently has some 10 million members with total funds of more than RM185 billion.

Dr Mahathir also presented a special award from the EPF to Tenaga Nasional Berhad (TNB) for being the employer with the most number of EPF contributors -- 21,274 people with total monthly contributions of RM9,536,827 million.

A special award was also given to 69-year-old Leong Weng Sang @ Leong Weng Sun of Ipoh for being the earliest person to register as a EPF member (on April 22, 1952) and still maintaining his savings.

Mohamed Zin Ahmad of Kuala Lumpur, who celebrated his 50th birthday on Oct 1, received the "golden age" award.

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