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EPF to accept annuity scheme applications

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KUALA LUMPUR, Thurs. - The Employees' Provident Fund will continue to accept applications from contributors who wish to opt for its annuity scheme but will only process them once a decision on who will manage it is made.

EPF public affairs manager Nik Affendi Jaafar said the fund, which has deferred selling its annuity scheme with immediate effect, would, for the time being, only accept and register applications.

"The scheme will be deferred until a study is concluded as to whether the EPF should manage the scheme internally or be implemented by the approved insurance companies," he said in a statement.

Yesterday, Malaysian Trades Union Congress president Senator Zainal Rampak said the congress would defer its May 12 picket following Prime Minister Datuk Seri Dr Mahathir Mohamad's assurance that the Government would study the congress' request.

The congress had, among others, asked that the EPF manage the annuity scheme itself instead of the private insurance companies, reverse the drastic reduction of death and incapacitation benefits from RM30,000 to RM2,000 and ensure the EPF funds were managed without causing any doubts among any quarters.

The annuity scheme is a retirement programme where a portion of workers contributions, upon their consent, is managed by private insurance companies and disbursed like pension payments on a monthly basis upon their retirement. Eight insurance companies were appointed by Bank Negara to manage the scheme which was introduced on July 1 last year.

Following Dr Mahathir's assurance, the MTUC agreed to defer the picket to Aug 9.

Nik Affendi said the EPF would also review the payment for death and incapacitation benefits.

"In the review, the EPF will study alternative proposals to improve the quantum of payment for death and incapacitation benefits.

"The findings will be discussed at the coming board meeting," he said.

He said if the board agreed to revert to the previous ruling or decided on a new quantum, the date of enforcement would be backdated to July 1, 2000 - the day the decision was made.

In December, Deputy Finance Minister Datuk Chan Kong Choy said the EPF could not offer an in-house annuity scheme because it did not have the expertise, an insurance company structure, and it would not be able to attract enough participants.

When contacted, MTUC secretary-general G. Rajasekaran said the congress would seek clarification from the EPF on the status of funds of those who had subscribed to its now-suspended annuity scheme.

He said the MTUC would also ask the EPF to clarify withdrawal procedures for those who wanted to pull out of the scheme.

He said tens of thousands of EPF members are believed to have subscribed to the annuity scheme.

Rajasekaran said some contributors had written to the EPF asking for their money be returned by the insurance companies following yesterday's decision to defer the scheme.

"They sent us copies of their letters," Rajasekaran said.

On the study, he said it was being conducted by EPF-appointed consultants and was due for completion by the month's end.

Rajasekaran said this was what the EPF had told the MTUC in a meeting on April 27.

The MTUC had requested that it be briefed on the consultants' findings before the report was finalised and submitted to the EPF board.