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MAHATHIR-ANNUITY

MAHATHIR LAUDS EPF ANNUITY SCHEME

KUALA LUMPUR, Oct 4 (Bernama) -- Datuk Seri Dr Mahathir Mohamad says the Employees Provident Fund's (EPF) annuity scheme introduced last year is a good idea.

However, the prime minister said the annuity scheme needs to be refined since there are objections to it.

But given the objections, Dr Mahathir said, "Let's refine it and move forward."

He made these remarks in an interview in conjunction with the 50th anniversary of EPF on Oct 1, 2001.

The annuity scheme was launched in July last year but was suspended in May this year due to strong objections from the Malaysian Trades Union Congress (MTUC).

On July 1 last year, EPF launched two versions of the annuity scheme with the aim of providing members with regular income for life during the post-retirement years.

Since it was launched, the scheme has received strong objections from MTUC.

The scheme provides an option for members who do not wish to withdraw their savings in one lump sum to convert their full or partial EPF funds into the annuity scheme which provides regular post-retirement income for life or, in the case of the Takaful version, up to the age of 100.

The annuity scheme is a retirement programme where a portion of worker's contributions, upon their consent, is managed and disbursed like pension payments on a monthly basis upon their retirement.

The prime minister also congratulated EPF for its management over the years and for its success.

"I consider it a successful institution and it has achieved its role as designed."

However, Dr Mahathir also stressed on the need for EPF to rethink of its role, especially with regard to its one-off payments.

"I think that is not very helpful because almost invariably they (contributors) finish all their money (rather quickly)," he said.

"People who retire should have a source of income that is more permanent, however small. Perhaps the EPF should offer more options to its members - they can take part of their savings as a one-off payment and leave behind something that will generate more returns.

"People may want to withdraw all their money and invest it in business but they may not be capable of investing well and all their money would be lost," said the prime minister. -- BERNAMA

MKO MR SHY