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New EPF benefits formula (HL)

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KUALA LUMPUR, Sat. - The Government has agreed to introduce a new death and incapacitation benefits formula for Employees Provident Fund contributors or their next of kin to replace the present flat payment of RM2,000.

The new formula on the payment of such benefits will be introduced soon.

The decision was conveyed to a delegation of the Malaysian Trades Union Congress officials by Deputy Finance Minister Datuk Chan Kong Choy during a meeting at the Treasury yesterday.

"We were told that the Government has agreed to revoke its earlier decision to reduce the death and incapacitation benefits from up to RM30,000 to a flat rate of RM2,000," said MTUC secretary-general G. Rajasekaran today.

Also present at the meeting was EPF deputy chief executive officer II Rusma Ibrahim. Apart from Rajasekaran, the MTUC was represented by its president Senator Zainal Rampak, deputy president Shaffie Maamal, financial secretary A. Sivananthan and deputy secretary-general Abdul Halim Mansor.

Earlier this month, the Government said it would consider MTUC's demands that the death and incapacitation benefits be restored to a maximum of RM30,000.

(The decision to reduce the death and incapacitation benefits to RM2,000 took effect on July 1 last year. It was passed by Parliament in May.)

The previous quantum paid was between RM1,000 and RM30,000.

The MTUC, dissatisfied with the EPF's decision to reduce the benefit, had in April decided to stage a nationwide picket on May 12 to protest against the decision.

However, it deferred the picket after an assurance by Prime Minister Datuk Seri Dr Mahathir Mohamad that the Government would consider MTUC's demand. The EPF said the new rate was decided so that the compensation paid out would not affect dividends to members.

Chan, said Rajasekaran, told the delegation that the EPF Act would have to be tabled in Parliament to allow the necessary amendments to be made.

"This would probably be done in the next Parliament sitting in July or the following one in mid-October," Rajasekaran said.

The MTUC delegation had also submitted some recommendations to Chan on how the scheme could be tailored to benefit workers. "We want to have a scheme which will benefit all workers, irrespective of how much savings they had or how old they were." The new formula will be backdated to July 1, 2000. This means those who were paid RM2,000 in such benefits since July 1 would gain.