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MTUC-Annuity

PAY DIVIDENDS TO ANNUITY SCHEME PARTICIPANTS, ZAINAL ASKS INSURERS

KUALA LUMPUR, Oct 7 (Bernama) -- The insurance companies that managed the annuity scheme for Employees Provident Fund (EPF) contributors should pay dividends to participants of the scheme following the government's decision to replace the insurance-run annuity scheme to an EPF-operated pension plan.

Malaysian Trades Union Congress (MTUC) President Zainal Rampak said the companies had received RM5 billion in contributions from the participants since the annuity scheme was introduced on July 1 last year.

"Since the scheme has been operational for a year and two months before being suspended in May, we believe they would have invested the money in the market or in properties and as such, they had made profits.

"When they were promoting the scheme, they promised that profits from the investments would be passed on to the participants," he said in a statement today.

Besides the dividend, Zainal, who is also an EPF Board member, wants the companies to declare the profits they made from EPF contributors' funds.

Prime Minister Datuk Seri Dr Mahathir Mohamad when speaking at EPF's 50th anniversary dinner on Friday announced that the annuity scheme run by a consortium of insurance companies had been scrapped.

Instead, it would be replaced by an optional pension scheme to be managed by the EPF Board.

Zainal also reiterated MTUC's objection to the insurance companies' proposal to impose a 7.5 per cent service charge on EPF contributors wanting to withdraw from the annuity scheme.

"We'll seek legal advice if it was against the law if deductions were made without the workers' consent," he said.

At the start of the annuity scheme, the insurance companies promised to charge only RM50 as service fee if contributors wanted to revert to the EPF, he added.

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