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CAP-PENALTY

REDUCE 7 PCT PENALTY ON COVENTIONAL ANNUITY SCHEME, SAYS CAP

KUALA LUMPUR, Oct 13 (Bernama) -- The Consumer Association of Penang (CAP) said that the governor of Bank Negara should direct insurance companies involved in the fund's conventional annuity scheme to reduce the seven percent penalty imposed on members who withdraw from the scheme to a flat sum of RM50.

In a statement, its president S.M Mohamed Idris said it is not fair for insurance companies involved in the annuity scheme to impose the seven percent penalty.

"Many of the members who had signed up with the conventional annuity scheme did so because the insurance agents led them to believe that it was a better choice," he said.

The RM50 is the administration fee imposed by Takaful Nasional and Syarikat Takaful for those who wish to withdraw from EPF's Takaful annuity scheme.

He also noted that Bank Negara and EPF had not deemend it necessary for the insurance companies to highlight the average projected returns of the scheme so that EPF members could make an informed choice.

"On top of that some of the insurance agents used misleading sales illustrations (insurance brochures) which had not been approved by Bank Negara to boost their sales."

As such, it is not fair that those who were misled into investing in the conventional annuity scheme should be so heavily penalised for leaving the scheme, he noted.

He said that if the Takaful companies sees fit to levy only RM50 as withdrawal charges, there is no reason why the conventional insurance companies cannot do the same.

Recently, Prime Minister Datuk Seri Dr Mahathir Mohamad announced that the EPF's annuity scheme would be fully managed by the EPF.

The scheme was introduced as an option to provide financial security through a guaranteed lifetime income to EPF members for their post-retirement years.

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

SM MKO