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Socso to raise payment rate of pension schemes in 2002

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THE Social Security Organisation (Socso), whose annual collection will reach RM1 billion this year, will increase the payment rate of its pension schemes ranging from 2.5 per cent and 11 per cent.

The rate hike, which will be effective on January 1 2002, covers several long-term benefits under Socso Invalidity Pension Scheme and Employment Injury Insurance Scheme.

Announcing this yesterday, Human Resources Minister Datuk Dr Fong Chan Onn said the move was made following the rising cost of living and concerns about the impact of the economic situation on Socso beneficiaries.

"The decision to raise the payment rate was made based on an actuarial study and this will cost Socso RM2.75 million a month and RM33 million a year.

"The move, however, does not require an increase in the contribution rate from employers and workers as Socso can finance it through its investment returns," he told a news conference after launching Socso's 30th Anniversary in Kuala Lumpur. Also present was Socso chief executive Ng Teck.

Socso was established on January 1 1997, following the enactment of Socso Act 1969.

Fong said there are three categories of Socso pensions payment increase, where an 11 per cent rise will be given for pensions awarded up to 1997; a 5 per cent rise for pensions in 1998; and a 2.5 per cent for pensions in 1999.

"About 115,000 Socso beneficiaries will benefit from the increase," he said.

Fong said the decision to increase the payment of Socso pensions is based on the awareness that the current economy may see households dependent on Socso benefits affected when their family members are laid off or their wages cut.

The minister said Socso's move will, in a way, support the Government's efforts to stimulate the economy through encouraging domestic demand for goods and services.

He said Socso will review its benefits from time to time to increase the payment or to widen its coverage such as to the self-employed.

Socso was established to provide coverage for workers in the private sector for several contingencies such as employment injury including commuting accidents, occupational diseases, invalidity and death.

Currently, employers contribute 1.75 per cent of each worker's salary and workers contribute 0.5 per cent of their respective salary to Socso every month.

Fong said Socso's collection of contribution is expected to reach RM1 billion by the end of this year. Its contribution last year amounted to about RM9.8 billion.

On another development, he said the tripartite meeting next month, between representatives from the Government, employers and workers, will discuss about the National Retrenchment Fund.

On whether the fund can be implemented next year, he said: "It is now in the final stage. We'll try our best to convince employers to accept the idea."

The fund was originally proposed by the Malaysian Trades Union Congress

at the height of the Asian economic crisis in 1998 when many workers were laid off.

The ministry has come out with some changes to the proposal after Prime Minister Datuk Seri Dr Mahathir Mohamad agreed to the setting up of the fund.

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