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MTUC: No big change to spending power from 2pc EPF reduction

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KUALA LUMPUR, Thurs. - The two per cent reduction in employees' contribution to the Employees Provident Fund is not expected to have any significant change to workers' spending power, said Malaysian Trade Union Congress president Senator Zainal Rampak.

It would only amount to about RM15 to RM20 per month for low and middle income workers, who constitute more than 70 per cent of EPF contributors having between RM30,000 and RM100,000 in their accounts, he said.

"Any reduction in EPF contributions will affect workers' retirement savings, all the more so with the prevailing trend of low dividend rates declared by the EPF," said Zainal today.

In the RM7.3 billion stimulus package announced by Prime Minister Datuk Seri Dr Mahathir Mohamad yesterday, one of the highlights was the two per cent cut in employees' contribution to the EPF from 11 per cent to nine per cent beginning June 1 for one year.

Dr Mahathir had said that this was to increase the people's disposable income and expressed his hope that the MTUC will support the move.

The EPF when contacted today said it was still working out the details of the announcement.

Asked if the statement will include giving the workers an option whether to opt for the reduction or not, the spokesperson said "that is one of the grey areas that we are looking at".

Zainal meanwhile proposed that the Government "should consider giving a Special Relief Allowance of at least RM100 every month to all private sector workers".

He also expressed his disappointment that the stimulus package did not give private sector workers an equitable share of the incentives as much as it has for the civil servants.