

## **Govt finalising EPF Account 2 Support Facility programme**

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**Bernama**

The government is finalising the Account 2 Support Facility Programme for Employees Provident Fund (EPF) members to obtain cash resources without having to withdraw from their EPF savings.

The Finance Ministry said in a statement today that the initiative will provide facilities for EPF members to use their savings balance in Account 2 as a backup to obtain financing from banking institutions.

“This initiative will not burden the people as the interest rate (conventional) or profit rate (Islamic) that will be charged by the banking institutions involved is expected to be between 4 percent and 5 percent per annum.

“This rate is significantly lower than the market rate of personal financing from banking institutions charged at around 8 percent to 15 percent,” it said.

The initiative is also said to not contradict Section 51 of the EPF Act 1991 as the

savings balance in Account 2 is only used as a backup through withdrawals at retirement age.

“This is in line with the EPF's investment objective as a long-term retirement fund to hedge and increase the value of members' savings through the declaration of a stable and sustainable dividend rate,” it added.

The ministry stressed that the government would not consider any additional withdrawals from the EPF savings as a move to curb the impact of Covid-19.

“In fact, based on the Organisation for Economic Cooperation and Development (OECD), all countries that had allowed contributors to withdraw part of their retirement funds during the pandemic have stopped the facility for early withdrawal from retirement funds since 2021,” it said.

- Bernama

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