

YOURSAY | Stop using EPF to score political points

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YOURSAY | 'They take the easy way out to please the electorate.'

JazliSalleh: Former finance minister II Johari Abdul Ghani is as bad as the Perikatan Nasional blokes. So, what would these poor people do when they had exhausted all their Employees Provident Fund (EPF) funds, Johari?

Will you be around to take care of them, Johari? For sure, Johari would have retired by then and these people's problems would be someone else's headache.

The problem with our politicians is that they just want to stay popular with little concern for the future of the nation and its people.

They should learn from Singapore. See how well they guard their nation's Central Provident Fund (CPF) and their monetary reserves.

They constantly remind their citizens that they have to safeguard everyone's future. That is what we need to do in Malaysia.

Be responsible, please. Don't encourage people to withdraw their EPF savings.
Period.

Reset: To be fair, what was advocated by Johari is different from what was requested by PN as his proposal only allows those with emergency needs.

He has also correctly pointed out that the inflation issue was also due to the previous loose EPF withdrawal scheme and loan moratorium.

The existing EPF loan scheme leveraging the Account 2 balance is still a better solution than direct EPF withdrawal, though I do support more flexible cases that allow emergency withdrawal due to medical or another justified emergency.

Just Thinking Aloud: The Madani government's primary intention is to dissuade further withdrawals from the EPF, especially for those who do not have much left for their retirement.

Other than outright saying no, they devised this scheme of taking a loan using the EPF as collateral.

If Johari truly understands the rationale, he should not be supporting the withdrawal, much less talking about the interest on the loan.

FellowMalaysian: Johari has a point, but allowing an 'emergency withdrawal' will ignite yet another floodgate of withdrawals, much to the likes of the past four withdrawals, which has resulted in a total of RM145 billion being cashed out by 6.7 million contributors.

The best solution is to allow 'emergency withdrawals' by getting contributors to take a loan from the bank and allow the bank to recoup monthly instalment payments from the borrower's EPF account.

In this way, borrowers will still get to keep their funds in their EPF accounts and earn good interest but will be slowly released to pay for their emergency needs.

WhiteMoose0037: Shows successive governments BN and PN have incompetent finance ministers and administrators with no clue about managing finance.

They take the easy way out to please the electorate. The poor will be poorer and the rich richer.

The administrators in EPF are beholden to the incompetent and mediocre finance minister.

Now it is at a crossroads with the poor who only care for today and let tomorrow

take care of itself.

Fisher: All these explanations from a former finance minister make much good common sense.

A responsible Form Six economics student could indicate such arithmetic. What should be worrying is the desperation and deprivation that has affected ordinary wage-earning citizens.

Why are they forced by dire circumstances to consider eroding their life savings which are deliberately meant for post-retirement?

Why has a political culture and political economy that has made millionaires and billionaires within one generation unable to effect an equitable distribution and good quality of life for other fellow citizens?

Kancil: I am puzzled by Johari's calculations. Save for circumstances where the bank interest is higher than EPF interest, there is no loss for the borrower.

Currently, the EPF interest is 5.4 percent compared with the bank borrowing interest as proposed by Prime Minister Anwar Ibrahim to be between four to five percent. It is prudent to choose a bank loan instead of EPF for the needy.

If allowed under the scheme, those eligible (not needy) should take the bank loan at a lower interest and lock it into EPF for five years if they are 50. There is a nett gain of between 0.4 percent to 1.4 percent; for RM70,000 between RM 392 to RM 980.

As long as the transaction costs are waived by the banks, they are kept very low.
Am I missing anything?

LimeHorse5802: Those who are in desperate need of money most likely have no or limited funds in the EPF. What is there to withdraw?

The whole EPF withdrawal has been politicised. It started with a wrong decision to allow every Tom, Dick and Harry to withdraw from EPF.

It is clear that certain parties just want to perpetuate the withdrawal!

It does not take a rocket scientist to know that borrowing against an EPF deposit is not viable.

It is the prime minister's way of tactfully discouraging premature and unjustified EPF withdrawals.

BrownCheetah9736: The logic of collateralising the EPF against a loan is stupid. If the people are desperate enough to ask for an emergency withdrawal, that means they are effectively broke now.

Getting them to ask for a loan will have the same eventual result. They will have no means to repay the loan anyway and will still be broke regardless.

But in this case, it's worse because they will go into the registrar's record as a bankrupt person.

Darmakochi: Next we will have the problem of determining what situation is considered an emergency.

Then the person can cook up a story that fulfils the condition or conditions of the emergency. The family and friends can also harass the person to take out the money.

Once a person retires at an old age, he/she needs the money to see them through and live comfortably. So leave the EPF money alone till retirement.

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