

EPF Account 3 plan will harm contributors after retirement: Group

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Putrajaya's plan to introduce a flexible account for Employees' Provident Fund (EPF) members to withdraw a part of their monthly contributions, dubbed Account 3, has received pushback.

In a statement today, the Social Protection Contributors Advisory Association Malaysia (SPCAAM) regarded the plan as "irresponsible" as it would affect EPF members when they retire.

SPCAAM international labour adviser Callistus Antony D'Angelus said the EPF members who would be utilising the flexible account would likely be "in most need of savings when they retire".

"The EPF's actions are not only irresponsible towards contributors but also towards the economy.

"What would happen to individuals who retire and have inadequate savings to tide themselves over during their retirement?"

“The burden will ultimately fall on the state in many ways, shapes and forms. The EPF should consider the socioeconomic implications of such a policy decision,” he said.

Aiding cash-strapped contributors

In October last year, the then deputy finance minister Ahmad Maslan told the Dewan Rakyat that Putrajaya was finalising details on the withdrawal access for the proposed EPF flexible account.

The New Straits Times in its follow-up report yesterday claimed that the government has decided for the planned Account 3 to comprise 10 percent of EPF members’ future contributions, which they can “withdraw at any time”.

It stated that the spirit behind this was to help cash-strapped contributors before they hit retirement age.

EPF members’ monthly contributions go into their Account 1 (70 percent) and Account 2 (30 percent). They can only access Account 1 after retirement, while Account 2 can be used before they retire but only strictly for certain specified uses including to pay for education and housing.

D’Angelus added that the Account 3 plan is no different from the previous

government's "irresponsible" move to allow for EPF withdrawals during the Covid-19 pandemic.

He said Putrajaya should instead look into improving the minimum wage, which is at RM1,500 per month.

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