

MTUC tells EPF contributors: Beware of Pension Fund
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PETALING JAYA - The Malaysian Trades Union Congress (MTUC) has called on the 10 million contributors to the Employees Provident Fund (EPF) not to participate in the proposed Private Pension Fund (PPF) as returns for their investment were not guaranteed.

"The returns would depend on market forces, and this was very risky for the contributors because they might lose all their savings," said MTUC secretary-general G. Rajasegaran.

He disclosed that insurance companies had been lobbying for such a fund for a long time, and the MTUC had objected to it and the EPF board upheld the MTUC's concern.

"Now, however, it appears that the insurance lobbyists have succeeded, based on the announcement by the finance ministry that the government had agreed to appoint insurance companies to handle the fund," he told Bernama today.

Rajasegaran was commenting on a statement by the ministry's economic and international division under-secretary, Datuk Dr Mohd Irwan Serigar Abdullah, that EPF dividends would be gradually scaled down to encourage contributors to bring their money to the PPF.

Prime Minister Najib Abdul Razak announced during the tabling of the 2011 Budget last Friday that the government would launch the PPF next year for the benefit of private sector employees and the self-employed.

Najib said the existing income tax relief of up to RM6,000 for an employee's contributions to the EPF would be extended to the contributions made to the PPF, including the self-employed.

Rajasegaran said that in view of this new development, the MTUC would soon launch an aggressive nationwide campaign to educate workers and encourage them to reject the PPF.

In the meantime, he said the MTUC was seeking an urgent meeting with the ministry to discuss the PPF and its long-term implication for the workers, especially their well-being in old age. - Bernama

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