

Why most civil servants don't believe in saving

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CIVIL servants have the track record of spending whatever extra income they receive almost immediately after it is transferred into their accounts.

This was confirmed by none other than Second Finance Minister Tan Sri Nor Mohamed Yakcob who said this tradition would help boost economic growth following the latest round of pay hikes.

Naturally, many would like to know the reason for this spending habit. Don't they need to save money for a rainy day? Not really and there are two main reasons for their lack of incentive to save.

The first reason is that they have security of tenure, meaning that their jobs are safe until they retire.

Once they are in the permanent service, they become almost untouchable except if they commit a criminal act or serious breach of discipline.

Otherwise, they can just sit back and relax,



do the minimum and still receive their yearly increments due to them. At the end of the day, they will be getting a pension, which at present will be 50% of their last-drawn salary.

The second is that they do not have to worry about their medical bills, which is provided almost free by their employers. In fact, the general or government hospitals are actually meant for their exclusive use.

The public may get to use the facilities at these hospitals at highly subsidised rates, but civil servants will always get preferential treatment. They and their

spouses will be getting such medical treatment until their death.

As they have a job they know they will never be sacked from if they behave themselves and free medical treatment as long as they live, why should they bother about saving money?

They can afford to spend every sen of their income and if they have to save, it is most probably to enable those who are Muslims to do the Haj.

But there is also a growing welcome trend where many of them are putting aside the windfall for their children's education or to buy their own homes.

Workers in the private sector, on the other hand, have to worry about their jobs and medical expenses.

It is easier for their employers to dismiss them with sufficient reasons.

In any case, if their employers do not like them or their performance is below expecta-

tions, they can be harassed into quitting. And if they are above a certain age, their chances of getting another reasonably good job are almost zero.

As long as they are employed, their companies will provide them with free medical treatment.

But the minute they leave, they will be entirely on their own.

It is these two financial burdens, as well as that of their children's education, which force them to try to save as much as they can for a rainy day.

They have to depend on their EPF contributions to live on when they retire and this is usually insufficient for most of them based on latest survey figures.

When they grow older, they are also likely to be subjected to all sorts of health problems such as high blood pressure, diabetes and other critical diseases requiring long-term and expensive treatment.