

Think before taking out EPF money: PM

> Economists also not in favour of allowing contributors to dip further into retirement fund

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PETALING JAYA: While economists are against allowing further Employees Provident Fund (EPF) withdrawals, Malaysians impacted by Covid-19 have clamoured that they be allowed to do so.

Prime Minister Datuk Seri Ismail Sabri Yaakob, in going with these requests, yesterday announced another round of special EPF withdrawals of up to RM10,000.

But Ismail Sabri had a word of caution for EPF contributors.

"I hope they will think carefully before making withdrawals for the sake of their future," he said when

making the announcement at a short press conference which was telecast live.

"The government has listened and taken into account the requests of the people. The government has agreed to allow a special withdrawal of RM10,000 from EPF," he said, adding details on how to make the withdrawal will be announced by the Finance Ministry and EPF soon.

Before the announcement, professor of economics at Sunway University Business School Dr Yeah Kim Leng said it is neither prudent nor sound to allow EPF contributors to further dip into their retirement savings.

He said contributors have already

made three withdrawals from the EPF and more than half of them now have less than RM10,000 in the fund for their retirement.

"The economy is already on the mend, people are going back to work and businesses are already operating.

"The government should work on helping the unemployed to get jobs, instead of allowing them to dip into their retirement savings."

He said the government urgently needs to look at the underlying problem of why some EPF contributors had clamoured for further withdrawals.

Yeah said for those who really need help, the government can come up with some short-term loan scheme with low interest.

"It must also look at more targeted ways to help those facing financial problems instead of allowing them to dip further into their EPF savings," he stressed.

Finance Minister Tengku Zafrul Abdul Aziz had previously said EPF will have to dispose of more overseas investments and halt domestic investments in the short to medium-term if another RM10,000 withdrawal is allowed.

He said a withdrawal of up to RM10,000 for 6.3 million eligible members will add up to a total of RM63 billion, and will require the EPF to rebalance its portfolio to accommodate the withdrawals, which would likely drive the total impact beyond RM63 billion.

EPF members had previously been allowed to withdraw up to RM71,000 of their funds via i-Lestari, i-Sinar and i-Citra, which came up to RM101 billion.

Uriiversiti Utara Malaysia economics professor Dr K Kuperan Viswanathan opined that EPF officials need to explain whether the retirement fund can survive another

such big withdrawal.

"EPF has to state whether it can remain viable or will run into serious problems if another withdrawal is done. Let it state the consequences and the government should support the stand taken by the fund," he said.

Kuperan said it would be dangerous to allow another round of withdrawals as many of its contributors have savings of less than RM10,000.

He said one possible scenario would see many people homeless once they retire as they will have depleted their retirement savings.

He said the government would then need to step in to help these people.

"The global economy is suffering, inflation is going up, prices too are going up because of the war in Ukraine. Now is not the time to allow more EPF withdrawals which could hurt EPF," he said.