

RM14 billion withdrawn from EPF Account 3 since last year

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PETALING JAYA: Since the launch of the EPF Flexible Account (Account 3) in May 2024, 4.63 million members have withdrawn a total of RM14.79 billion, said Prime Minister Datuk Seri Anwar Ibrahim.

He said the amount represents 35.1% of the fund's 13.2 million members under the age of 55 as of June.

He added that the current total balance in Account 3 stands at RM10.16 billion.

"Previous EPF special withdrawals, particularly from Account 1, were temporary measures to address the exceptional circumstances of the Covid-19 pandemic.

"The EPF's core mandate as a social protection institution is to ensure adequate retirement savings to support members in old age," he said in a written reply to Parliament.

He was responding to Datuk Seri Dr Shahidan Kassim (PN-Arau), who asked about the possibility of allowing 30% of Retirement Account (Account 1) savings to be transferred into Account 3 to help low-income citizens cope with rising living costs.

Anwar, who is also Finance minister, said withdrawals from Account 1 would contradict the EPF's role as trustee of retirement savings, and are inconsistent with international standards, which recommend providing nine fundamental branches of social protection to guard against vulnerabilities at various life stages, including old age.

"To balance members' long, medium and short-term financial needs, the EPF restructured its accounts in May 2024 into three categories - the Retirement Account (Account 1), the Sejahtera Account (Account 2) and the Flexible Account (Account 3), with contribution ratios of 75%, 15% and 10% respectively.

"Account 1 is dedicated to retirement savings, Account 2 allows pre-retirement withdrawals for education, healthcare and housing while Account 3 enables members to access savings at any time, particularly in emergencies."

Anwar said EPF savings, particularly in Account 1, are intended for retirement and are not a long-term solution to cost-of-living pressures or temporary employment issues.

He said the government has introduced various forms of assistance, including direct cash aid, targeted subsidies and special incentives to ease the people's burden and safeguard their well-being.

In a separate reply to Datuk Dr Alias Razak (PN-Kuala Nerus) on the use of EPF Account 2 savings for health insurance premiums, Anwar said the government, through Bank Negara Malaysia, the Health Ministry and the Finance Ministry, has launched the "Reset" strategy to address rising healthcare costs and private

> Figure represents transactions by 351% of fund's 13.2m contributors under age of 55 as of June, says PM



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insurance premiums.

"One of Reset's key pillars involves improving Medical and Health Insurance and Takaful (MHIT) by developing basic products that offer more sustainable and stable premiums in the long term.

"The initiative also aims to help users better understand and choose their MHIT coverage. The revamped MHIT programme has three main goals - to provide broad, affordable protection for major healthcare costs, use private healthcare funding efficiently and promote value-based health outcomes."

He said engagement sessions with key stakeholders are ongoing to ensure that all views on MHIT product design are considered and aligned with affordability and long-term sustainability principles.

"However, the government emphasises that purchasing the basic MHIT product will be voluntary and based on individual choice. As with other insurance and *takaful* products, policyholders are expected to pay MHIT premiums from any financial source they have.

"Using EPF Account 2 funds is just one of the options available to members to purchase MHIT coverage."

Anwar said once the basic MHIT policy is finalised, the EPF is prepared to enhance its i-Lindung facility to allow the use of Account 2 funds for purchasing the product.

He added that the structure and design of the MHIT product are still being finalised, with the concept expected to be completed by December and implementation targeted for the end of 2026.