

PM: NO UNCONTROLLED EPF WITHDRAWALS

The majority of members have minimal savings, Anwar tells House

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ALLOWING Employees Provident Fund contributors to make uncontrolled withdrawals

will leave them financially vulnerable in their retirement.

Prime Minister Datuk Seri Anwar Ibrahim said the government would not allow excessive flexibility for EPF withdrawals, as the fund's main purpose was to secure retirement savings.

Speaking during the Prime Minister's Question Time in the Dewan Rakyat yesterday, he said the majority of members, particularly from the Malay community, had minimal savings.

"If we open up (uncontrolled) withdrawals, it will create serious problems when they retire."

Anwar was replying to a supplementary question from Nurul Amin Hamid (PN-Padang Terap) on whether the government would allow targeted withdrawals for EPF contributors who had stopped working or had lost their jobs.

He said the government must seek a balance between addressing pressing issues and ensuring people were not penniless during retirement.

"If Padang Terap has any specific cases to highlight, EPF can consider them, as they have done for (other) urgent situations."

Anwar said the government had no plans to make it compulsory for Muslim EPF contributors to opt for the syariah savings scheme.

However, he said Muslims were encouraged to do so, following the recent announcement of a 6.3 per cent dividend for both conventional and syariah savings.

Anwar said the differences between the two schemes should be explained to Muslims.

"In my view, the impact of this (equal dividends for conventional and syariah schemes) is significant, as it will encourage Muslims to switch to the syariah



Prime Minister Datuk Seri Anwar Ibrahim says there are no plans to make it compulsory for Muslim EPF contributors to opt for the syariah savings scheme. BERNAMA PIC

scheme. That is why we do not intend to make it mandatory.

"However, with continuous encouragement and explanations, we hope to increase participation," he said in reply to Datuk Mohd Isam Mohd Isa (BN-Tampin).

Anwar said as of December last year, about 63 per cent of EPF's investments, amounting to RM782 billion, were in the domestic market.

He said this was an 11 per cent growth from 2023.

"The strong dividend performance is also a reflection of confidence in investments aligned with the Madani Economy framework.

"We recorded a 5.1 per cent increase in gross domestic product, which is higher than the projection I made here the previous year.

"The Bursa Malaysia index saw a 12.9 per cent increase, which is a significant improvement," he said.

Anwar said the proposed two per cent EPF contribution for foreign workers would not burden employers or shift the fund's primary focus on Malaysian workers' retirement savings.

He said EPF and the Finance Ministry had engaged with major corporations and small and medium enterprises (SMEs) to discuss the policy.

"We are also bound by international standards, including Article 68 of Convention 112 of the International Labour Organisation (ILO).

"Nearly 70 countries implement similar contribution

schemes, with most setting higher contribution rates.

"However, we have opted for a minimum two per cent contribution, as this rate will not burden employers. At the same time, it does not divert EPF's focus from citizens' retirement savings," he said.

This was in reply to Chiew Choon Man (PH-Miri), who asked about EPF contributions for non-citizens, whether the proposal would burden employers and whether it would divert attention from Malaysians.

"The contribution scheme is designed to protect the interests of local workers. In my view, it is unreasonable to continue relying on foreign labour.

"If hiring foreign workers is necessary under the current circumstances, they should be subject to the same methods and systems as local workers, including making EPF contributions, even at a minimum rate.

"Otherwise, there would be no incentive to prioritise hiring local workers, as employers would opt for the easier route of hiring foreign labour," he said.

Anwar said the mandatory contribution would also allow the government to record the total number of foreign workers.

"Secondly, it utilises financial institutions, including the EPF and the banking system (in the process).

"Thirdly, it ensures that these savings are secure and encourages foreign workers to withdraw them once their service and work permits in Malaysia end," he said.