

2% EPF contribution not a burden

Anwar: Mandatory savings for foreign workers will also protect locals

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KUALA LUMPUR: Mandating Employees Provident Fund (EPF) contributions for foreign workers would help the government with record-keeping and at the same time protect the interest of local workers, says Prime Minister Datuk Seri Anwar Ibrahim (*pic*).

He said mandating 2% contribution for foreign workers will allow the government to register foreign workers, with the assistance of financial institutions and the EPF.

He added that foreign workers would be able to withdraw their savings at the end of their employment period here.

"We are bound by international standards such as Article 68 of Convention 102 of the International Labour Organisation (ILO)," he said during the Prime Minister's Question Time yesterday.

He said close to 70 countries require contributions from foreign workers.

"We have set the contribution

at a minimum rate of 2% because we feel that 2% would not be a burden," he added.

Anwar said this does not mean that EPF is not paying attention to locals.

He said it is unreasonable to be solely dependent on contributions from local employees.

"We have introduced voluntary contributions in 2024 for the self-employed, whereby 1.2% contributors have made voluntary contributions. We have i-Saraan and i-Suri for the informal sector, especially housewives. This government incentive has hit RM4.16mil," he said.

Anwar also lauded the EPF for its strong performance for 2024.

He was responding to a question from Chiew Choon Man (PH-Miri) on EPF's contributions for foreign workers and whether this will burden employers and divert the EPF's attention from Malaysians.

On March 1, the EPF declared a dividend rate of 6.3% for conventional savings with the total payout amounting to RM63.05bil and



a similar rate for Syariah savings with the payout totalling RM10.19bil.

This is the second-highest dividend payout for Simpanan Syariah since its inception in 2017.

Meanwhile, Anwar also said that the government has no plans to

make it compulsory for Muslim contributors to transition to the Employees Provident Fund's Syariah account.

He said the handsome 6.3% dividend declared for the account would encourage some contributors to make the switch.

"This record will on its own encourage Muslim contributors to transfer their savings to the Syariah account. We don't have plans to make it compulsory," he said.

"But with this (dividend) record and engagement sessions we have conducted, we hope the numbers (of contributors) will increase," he said.

He added it is important to explain to contributors the benefits of Syariah financial instruments.

Anwar acknowledged the pre-

vious criticisms on the performance of the Syariah account, which yielded lower dividends compared to the conventional account.

However, with the EPF's good management, both accounts recorded the same dividend in 2024, he said.

He was responding to a supplementary question from Datuk Mohd Isam Mohd Isa (BN-Tampin) on whether the government plans to make it compulsory for Muslim contributors to contribute to the Syariah account automatically.

Meanwhile, the Employees Provident Fund (Amendment) Bill 2025, which will mandate the 2% contribution for foreign workers, has been tabled for the first reading in the Dewan Rakyat.

The Bill was tabled by Deputy Finance Minister Lim Hui Ying.

The second and third reading of the Bill is scheduled to take place within the current meeting, which ends on March 6.

The proposed amendment would mandate non-citizen employees and their employers to each contribute 2% of the employees' monthly wages to the EPF.

"Further, subclause 6(b) seeks to enable the employee who is not a Malaysian citizen to withdraw all or part of the amount standing to his credit upon the employee attaining the age of 55 years under section 55a of Act 452," the Bill read.

"Subclause 4(b) seeks to delete subsection 70c(2) of Act 452 to allow an employee who is not a Malaysian citizen who has withdrawn all amount standing to his credit to continuously be liable to contribute without having to give a notice to contribute to EPF," read the Bill.

The proposed law will be applicable to a foreign worker who enters the country temporarily with a work permit.

EPF CEO Ahmad Zulqarnain Onn said on March 1 that based on early estimates some two to two and a half million foreign workers would come under the EPF scheme.