

PKR suggests two-tier EPF withdrawals at 55 and 60
The Malaysian Insider
April 16, 2015

Instead of raising the age limit to 60 for withdrawals from the Employees Provident Fund (EPF), contributors should instead be allowed to withdraw their retirement savings in stages, PKR vice-president Rafizi Ramli said today.

He said while there were reasons for raising the age limit from 55 now to 60, EPF members should not be "punished" and prevented from withdrawing some savings at 55 if they wanted to.

Rafizi suggested that people be allowed to withdraw a portion of savings at 55, and again at 60.

"While I agree that the savings of the employees from the private sectors are too low, resulting in insufficient retirement savings, I do not want them to be 'punished' by not allowing them to withdraw their savings at 55.

"They should not be blamed for having poor savings and for the rising cost of living, as this was caused by the government," Rafizi, who is also PKR secretary-general, said in a statement today.

He said low wages were due to government policy on attracting investments by keeping the cost of labour low.

Higher living costs were also due to Putrajaya's "bad policies", he said, adding that "if BN continues with their suggestion to increase the age limit of EPF withdrawal, this will become an issue that will further weaken the ruling party".

EPF members should instead be allowed to withdraw their retirement savings in two tiers at age 55 and at 60, he suggested.

"For example, the members can choose to withdraw 60% at age 55 and the balance at age 60, or 50% at 55 and balance at 60. The members should be given the right to choose which option they want," said Rafizi.

He said that the government should also suspend implementation of the goods and sales tax (GST) immediately until the issue of low wages was settled.

"EPF should give more workshops and investment courses to its members so they can be trained to make proper investment to protect their savings in the future," he added.

The Pandan MP said the rising cost of living and pro-employer policies were put into place by the Barisan Nasional government under Tun Dr Mahathir Mohamad's administration, and these were the reasons why EPF contributors in the lower income groups would not have enough savings to rely on for their retirement.

"Tun Dr Mahathir's administration encouraged a pro-employer policy which encouraged low wages to boost investment. Barisan Nasional also allowed the influx of non-skilled labourers from other countries so it could maintain basic wages at a low rate.

"It also refused the minimum basic wage policy for many years. Because of this, wages in the private sectors and the government remains low while the conglomerates make billions of ringgit in profit every year," said Rafizi.

He said that even if the withdrawal age limit was raised to 60, the amount withdrawn would still not be enough to sustain living costs post-retirement as costs were expected to continue rising.

He urged that Putrajaya and the EPF management to drop the suggestion to increase the age limit of withdrawals to 60.

"Do not make people angrier at the moment when they already feel affected by the GST," Rafizi said.

The EPF's proposal to raise the withdrawal age limit to 60 has drawn fire from various quarters, including from some BN lawmakers.

Among reasons given for the proposal was to align the withdrawal age with the national retirement age of 60, and because it was found that withdrawals made at 55 would only sustain living costs for four to five years after that.

The Malaysian Insider reported last month that nearly 80% of workers who turn 55 this year will not have enough in EPF savings to live above the poverty line, according to figures by the fund itself.

More than 75% of its 14 million EPF contributors earn less than RM2,000 a month. About 15% earn between RM2,000 and RM5,000 a month, while those earning more than RM5,000 are in the top 10%.

The EPF has set RM196,800 as a savings threshold that would allow a contributor to spend at least RM800 a month for the next 20 years. – April 16, 2015.

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