

Scandals, weak ringgit spurring Malaysians abroad to cash out EPF funds

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When Joanne Koo first emigrated to Australia with her young family six years ago, she never planned on renouncing her citizenship as she was eager to hold on to her Malaysian ties, savings and investments.

However, earlier this month, Koo and her husband made a trip to Kuala Lumpur to surrender their Malaysian passports for the sole purpose of making a full withdrawal of their Employees Provident Fund (EPF) savings. (Savers are allowed full withdrawal at age 55.)

"It was never on our mind to take what my elders see as a drastic step (of renouncing our citizenship). But we've been monitoring the situation in Malaysia for a few years now, and we're not confident," she told The Malaysian Insider.

Koo, 44, is one of thousands of overseas Malaysians who have been spooked by the [financial scandals and political instability](#) plaguing the country over the past two years, and who have decided to withdraw their retirement savings to "safer environments".

"The current government is likely to look towards institutions like EPF and Tabung Haji to bail out failed projects or companies," said Koo, whose savings were in the "hundreds of thousands".

"EPF is hard-earned savings, and nobody would want to wake up one day and find their retirement savings in someone else's pockets."

In 2014, a total of 3,098 Malaysians renounced their citizenship and left the country, withdrawing RM303 million from the retirement scheme fund.

This figure is a startling 63% increase from 2010, where only RM185 million was withdrawn by those leaving the country, according to statistics obtained from the EPF website.

For ML, a former lawyer who moved to Switzerland in 2010, renouncing her citizenship and withdrawing her retirement fund was mostly because of the negative news about Malaysia that she kept reading about from Zurich.

"The recent public fiascos have partly influenced my decision (to become a Swiss citizen and withdraw EPF savings)," said the homemaker who was recently back in Kuala Lumpur to surrender her Malaysian passport.

"I have been following Malaysian news diligently. Every time I read the news, I am utterly gobsmacked with the answers provided or statements made, and I feel so helpless and worried about the state of affairs in Malaysia," she said.

Apart from the growing fears of economic and political uncertainty, the ringgit's continued decline over the past year is also believed to be a reason for Malaysians abroad to renounce their citizenship to make a full withdrawal of their EPF savings, said opposition lawmaker Ong Kian Ming.

"In the past, many people will leave their money in EPF even if they are living or working abroad, because the EPF has been offering decent returns.

"But probably one of the factors which motivates some of them to do this early withdrawal is the fears regarding the currency depreciation. At the rate of the ringgit's decline, no matter how well your performance is, it cannot make up the depreciation," he said.

Ong, who is the member of parliament for Serdang, said while he was not surprised at the increasing number of withdrawals, he believed a lot of the fears were "unwarranted".

"I don't find it surprising that more people are giving up their citizenship and withdrawing their savings, because in the larger context, there is a lot of fear and uncertainty in the country.

"But I do think some of (the fear) is not warranted. Among the government institutions that manage public money, the EPF is the best run among them."

However, Ong said Malaysians both in and outside the country would tend to "lump EPF altogether with what's going on in the government".

Koo agreed that the high dividends paid by EPF annually was the main reason she was initially reluctant to make a full withdrawal, but decided that economic decline from mismanagement and the threat of further scandals was too big a risk for her to take.

"It is a bit of a shame, honestly, as the EPF itself seems to be performing quite well," said Koo.

"But we've decided that we will not risk it and it would be safer to keep our retirement savings in a more secure place.

"Unfortunately, this means outside of Malaysia." – February 11, 2016.

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