

EPF: Many not ready for retirement

GEORGE TOWN: The majority of Malaysians are not ready for retirement due to reasons such as the rising cost of living or lack of financial literacy, said Employees Provident Fund (EPF) strategy planning head Farizan Kamaluddin.

Other factors she cited were a longer life expectancy and inadequate retirement savings.

"The Malaysian demographic plan from 2005 to 2050 obtained from the United Nations Population Division shows that the young population is decreasing while the elder population is increasing," she said.

The young population (aged 0 to 14), which was 31.5% in 2005, is expected to dip to 17.7% in 2030, and further reduce to 13.5% by 2050.

"As for the elder population (aged 60 and above), the population is expected to increase from 6.7% since 2005 to 15.5% in 2030, and 25.7% by 2050," she said in her talk on "EPF Scheme & Retirement Planning" at The Star Pitt St yesterday.

She said the reason was due to the low fertility rate and low mortality rate among Malaysians.

"Malaysia is forecasted to become an aged nation by 2030 when the elderly accounts for 15% of total population."

Farizan said EPF had worked towards increasing the retirement savings of its members.

"We increased the percentage of savings in Account 1 for your retirement, and lowered the percentage in Account 2 for pre-retirement withdrawal."

"We also increased employer's contribution for those with salary below RM5,000 by 1% as we want to raise the retirement savings for the lower income group."

"The amount of contribution from the employer, which is 12% or 13%, and from employee 11%, is actually the fifth highest in the world."

"However, the retirement savings is low. This is because the salary is low. So we have to increase the salary," she added.

There was also a talk on "Starting and Raising a Family" by Credit Counselling and Debt Management Agency credit counsellor Tan Chee Hong.

Businessman P. Loganathan, 45, said the talks were informative.

"I wanted to know more on how to plan my finances and the investment through EPF."

The talks, which were the programmes for the event "Retirement, Ready, Save, Go!", was jointly organised by *The Star* and the EPF.