A 30 PER CENT contribution from employers and employees to the Employees Provident Fund (EPF) may be introduced soon if stakeholders and the government approve the idea.

The suggestion was mooted during a seminar session attended by Human Resources Minister Datuk Seri Dr S. Subramaniam yesterday.

Addressing attendees of the Dynamic Evolution of the Pension World seminar, Subramaniam encouraged them to discuss policies similar to the EPF in such countries as Japan, Korea and Singapore, some of which practise contributions of up to 30 per cent.

He said there was a need to review the present contribution rate to ensure members have adequate savings upon retirement, especially those earning RM700 and below.

He said the present contributions were not sufficient as the lifespan of Malaysians had gone up to 75 years compared to 60 years in the 1960s and 1970s.

“There are factors which
would result in the depletion of their EPF savings after they retire, including the rising costs of food, transportation, medicine and unsettled debts,” he said.

The present joint statutory EPF contribution from employers’ and employees stands at 24 per cent with employers contributing 13 per cent and employees contributing 11 per cent.

Subramaniam said the ministry would seek the opinion of the participants at the two-day seminar which ends today to formulate a more suitable contribution scheme to be tabled in Parliament.

He also said the EPF could attract higher contributions from other payment forms, such as service tax and tips for those in the hospitality industry, through the restructuring of the minimum wage as these additional source of income will be part of a worker’s basic salary.

He said that discussing such policies is necessary as it would lead to better social protection through social security contributions to ensure that Malaysia’s welfare system and social protection projects are in tandem with developed countries.

“We should also structure employment to allow people to work as long as they want and as long as they are able to,” said Subramaniam after sharing that legislation to allow private sector employees to work till they are 60 is being finalised.

He said that other areas being discussed included the offering of incentives for employers who hire the elderly as in Singapore where the government would contribute to the salary of the elderly when they are hired.

At an earlier ceremony, Subramaniam witnessed the signing of a memorandum of understanding between the EPF and Universiti Malaya for the setting up of a Social Security Research Centre at the Economics Faculty of the university.

Universiti Malaya vice-chancellor Tan Sri Dr Ghauth Jasmon said the centre aimed to raise awareness among policy makers and Malaysians on retirement issues.