Plan for new deal for elderly retirees

SECURE RETIREMENT LIFE: Former World Bank expert to help improve scheme

R. SITTMAPARAM
KUALA LUMPUR
newsgst.com.my

THE establishment of the Social Security Research Centre (SSRC) by Universiti Malaya (UM) and the Employees Provident Fund will help formulate a new government plan to eradicate poverty among the elderly.

Human Resources Minister Datuk Seri Dr S. Subramaniam said the centre would seek the views of global experts to ensure that the elderly in Malaysia get a secure retirement plan.

UM’s old age financial protection chair, supported by SSRC, would soon accommodate a former World Bank pension expert to look into improving Malaysia’s retirement scheme.

Speaking at the opening of the EPF international seminar here yesterday, themed “Dynamic Evolution of the Pensions World”, Dr Subramaniam said the elderly, particularly the low-wage earners, were pushed into poverty because of insufficient savings.

“Workers earning less than RM700 per month, who comprise about 33 per cent of the country’s workforce, generally retire with EPF savings of about RM50,000. Studies show that these savings are usually used up within three years, pushing the elderly retiree into poverty, given today’s high cost of living.

“And given the new trend of nuclear families, the elderly end up being abandoned by their children and have to fend for themselves. Hence, the elderly seek re-employment, which is why the government had to intervene with a proposal for the private sector to increase the retirement age from the present 55.”

Dr Subramaniam said the bill for increasing the retirement age in the private sector was expected to be tabled in the next parliamentary session.

EPF chairman Tan Sri Samsudin Osman said the government’s Malaysia Retirement Scheme, managed by EPF to increase social security coverage for the country’s estimated 1.9 million self-employed workers, had attracted 48,452 members.

He said the scheme had RM110.62 million in funds.

“I believe there is still much to be done as pension systems will continue to evolve and there are no universal solutions to the complex array of issues.”