

EPF to secure golden years

New 'Akaun Emas' to lock in savings until contributor turns 60

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KUALA LUMPUR: In one move, the Employees Provident Fund is taking into account what its members want and, at the same time, making sure they have enough for their golden years.

From Jan 1, a new account – Akaun Emas – will be opened for all contributors who turn 55. The money in that account cannot be withdrawn until the member turns 60. All contributions made until the age of 55 will be available to the member.

For those who are already past 55 as at Jan 1, all their new contributions will be locked in but the money in their other accounts will be available to them.

The fund's chief executive Datuk Shahril Ridza Ridzuan described Akaun Emas as a second retirement nest egg considering that Malaysians were working beyond the age of 55 with the minimum retirement age of 60.

"The savings during this five-year period will go a long way in serving members' needs when they retire," he said during a media briefing at the fund's headquarters here.

The move, he said, followed EPF's Members Consultation Exercise in April last year.

"A total of 94% of respondents wanted EPF to maintain 55 as the age of withdrawal, with new contributions from age 55 to 60 to be locked in until retirement," he said.

Shahril assured members the Akaun Emas will not affect the existing scheme, where members have the option to make full or partial withdrawals upon reaching the age of 55. The partial withdrawal at age 50 also stays.

When a member reaches the age of 55, contributions from both Account 1 and Account 2 will be transferred into one account – Akaun 55 – and will be available to the member.

Members will also continue to earn divi-

AGE 55 WITHDRAWAL (Akaun 55)

- > Status quo – any time after 55
- > Can withdraw their savings (pre-55 contributions) by:-
 - ✓ Lump sum
 - ✓ Monthly
 - ✓ Partial
 - ✓ Monthly and partial
 - ✓ Annual dividend

AGE 60 WITHDRAWALS (Akaun Emas)*

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| <ul style="list-style-type: none"> > New contributions after age 55 credited into Akaun Emas > No more pre-retirement withdrawals. > Accumulated contributions can only be withdrawn at age 60. > Upon reaching age 60, balances in Akaun 55 and Akaun Emas will be combined for withdrawal. | Can withdraw all their savings by:- <ul style="list-style-type: none"> ✓ Lump sum ✓ Monthly ✓ Partial ✓ Monthly and partial ✓ Annual dividend |
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*** What if an individual is already 58 in January 1, 2017?**

The member will contribute into Akaun Emas for two years until he is 60.

dends for their savings in both Akaun Emas and any savings in Akaun 55.

At the age of 60, they will have access to all their contributions. EPF will also extend the dividend payment limit to age of 100 from the current age of 75.

"This will benefit members who choose to maintain a portion of their savings with the EPF, allowing them to benefit from the compounding effect of receiving dividends until a full withdrawal is made," he said.

EPF is also introducing several other enhancement initiatives and policy changes.

Initial payment of death withdrawal has been increased from RM20,000 to 25,000 depending on the balance of savings in the deceased members' account.

Witnesses are no longer required for nominations. For Muslim members, under Syariah principles, nominees act as administrators to the account and not beneficiaries.

To expedite and simplify the distribution process to the next-of-kin, he said, nomination will be revoked if withdrawal applications are not made within one year after member's death. He added that an underage

nominee can execute the responsibility of administrator upon reaching 18.

EPF's Basic Saving quantum – a guide that sets the limit members will need upon retirement – will be increased from RM196,800 to RM228,000 to align with the revised minimum pension for public sector employees.

There will also be additional withdrawal options for non-Malaysian members.

They will be allowed to make pre-retirement withdrawals at age 50, housing withdrawals (for property purchased in Malaysia), and for education and health.

Full withdrawal can be made at 55 and 60 or when they leave the country, become incapacitated or upon death.

Shahril added that savings will no longer be protected in the event of a forfeiture order under the Anti-Money Laundering Act, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001.



For full infographics:
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