

The Star - EPF Reports Rising Number Of Withdrawals To Settle PTPTN Loans

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EPF reports rising number of withdrawals to settle PTPTN loans

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KUALA LUMPUR: There has been a huge jump in the number of transactions and amount of money that Employees' Provident Fund (EPF) members withdrew to pay off their National Higher Education Fund Corporation (PTPTN) loans.

According to the EPF's 2016 Annual Report, withdrawals for "Education" was at RM1.4bil in

86,725 transactions last year, up 152.42% from RM578.18mil in 65,787 transactions previously.

EPF chief executive officer Datuk Shahril Ridza Ridzuan said much of the increase was mainly due to the settlement of education debts, adding that he was watching this trend closely.

"A lot of the increase primarily has been for the settlement of education debts. It is because of PTPTN's big push to get their borrowers to

pay up," Shahril said at the report briefing here yesterday.

"Previously, the education segment was a smaller part of our withdrawals but it is now a larger amount," he said, adding that the bulk of withdrawals are still for retirement at 55 years.

"That's because PTPTN started blacklisting people so that they would settle their debts," said Shahril.

Asked if it was healthy to take

funds meant for retirement to pay off education debts, he said: "This is a different issue but from a national standpoint, if you don't repay your student loans, it is going to be very hard for a new generation of students to borrow money.

"From a social policy point of view, it is important to collect outstanding PTPTN debts so this can be self sustaining."

Overall, the report showed that withdrawals have been on the

uptrend since 2014, rising by some 30% to RM44bil in 2015 and by another 5.8% to RM46.57bil last year.

Shahril said members should try their best to keep their savings in the EPF to benefit from the principle of compounding returns.

Besides paying off PTPTN debts and retirement, EPF members can, among others, withdraw to buy their first home and when they leave the country.