

Agenda



EPF OVERVIEW



ISSUES AND CHALLENGES



MOVING FORWARD



EPF Vision – a holistic approach towards members well-being

VISION

Helping members achieve
A BETTER FUTURE

MISSION

SAFEGUARDING
members' savings and
DELIVER
excellent services



COMPONENTS OF A BETTER FUTURE



To build adequate
and sustainable

WEALTH



To care
for their

HEALTH



To lead a

**PURPOSEFUL AND
MEANINGFUL LIFE**



EPF at a glance



14.8M
MEMBERS

1.4% ▲
(2019: 14.6M)



7.5M
ACTIVE MEMBERS

1.3% ▼
(2019: 7.6M)



534k
EMPLOYERS

2.3% ▲
(2019 : 522.3K)



68
BRANCHES
(2018: 68)

52
(WITH RAS)
(2018: 28)



167M
TOTAL CUSTOMER
INTERACTIONS

108M
2019 TOTAL
INTERACTIONS



9.1M
i-AKAUN SUBSCRIBERS
MEMBERS: 8,535,559
EMPLOYERS: 531,005

12.3% ▲
(2019: 8.1M)
MEMBERS: 7,594,329
EMPLOYERS: 518,935

Source: EPF Internal Data as at November 2020

Current EPF offerings



SAVINGS

- ▶ Mandatory contribution
- ▶ Contribute more than the statutory rate
- ▶ Self contribution
- ▶ i-Saraan
- ▶ i-Suri
- ▶ Incentives from third party organisations



PRE-RETIREMENT WITHDRAWALS

- ▶ Housing
- ▶ Health
(Critical illness and fertility)
- ▶ Education
- ▶ Hajj
- ▶ i-Lestari
- ▶ Age 60
- ▶ More than RM1 million savings



INVESTMENT

- ▶ Unit Trust Funds
- ▶ Asset Management Companies
 - Members can now make investments through **i-INVEST** (on i-Akaun)

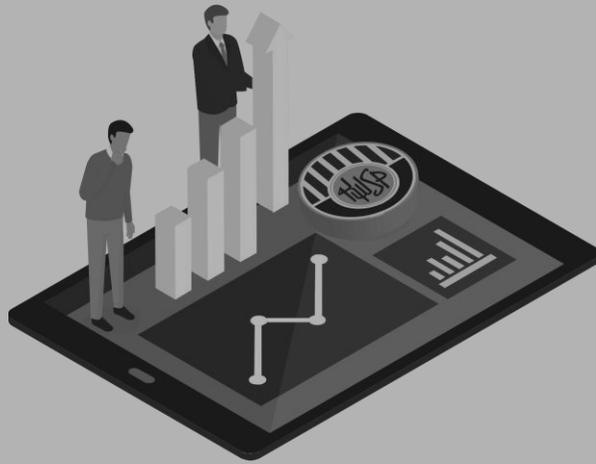


VALUE ADDED SERVICES

- ▶ Simpanan Shariah option
- ▶ Death Benefit
- ▶ Incapacitation Benefit
- ▶ Member Advisory Services
- ▶ Nomination



Agenda



EPF OVERVIEW



ISSUES AND CHALLENGES



MOVING FORWARD



Prevailing issues and challenges faced by Malaysians



1

**SILVER TSUNAMI
and our preparedness**



2

**LOW COVERAGE for
OLD AGE PROTECTION**



3

**RISE OF
INFORMAL SECTOR**



1 The SILVER TSUNAMI is coming



MALAYSIA is currently an **AGEING NATION**

(elderly population >7%)

- ▶ Population age >60 : **10.7%**
- ▶ Population age >65 : **7.0%**



By **2030** (next **10 years**), we are expected to be an

AGED NATION

(elderly population >14%)

1 in 3

children of Gen-Y will live **beyond 100**

1 BIL

OCTOGENARIANS
(age 80 – 89)
globally by 2050

4 MIL

CENTENARIANS
(age >100)
globally by 2050

80Y/O

Malaysians' **LIFE EXPECTANCY**
at age 60

1 : 4

Estimated **OLD AGE DEPENDENCY RATIO** in 2050



1 Malaysians ARE NOT READY to face ageing



1
Increase in
COST OF AGEING

13.6% **MEDICAL INFLATION RATE**
(2018: 12.4%)
(Aon Global Medical Trend Report, 2019)

1 in 6 **ELDERLY**
Limited from performing
EVERYDAY ACTIVITIES
(National Health and Morbidity Survey, 2018)



2
Lack of
OLD-AGE INCOME

64% Those ≥ 60 working in
LOW PAYING / INFORMAL JOBS
(MARS, 2020)

RM150 Median amount of
MONTHLY CONTRIBUTION
from children
(MARS, 2020)



3
Increase in
DEPENDENCY

5 in 6 Live with **FAMILY MEMBERS**
(MARS, 2020)

3 in 4 Not prepared to live in **ASSISTED LIVING** facilities
(MARS, 2020)

Estimated **SLOWING GROWTH OF GDP TO 2.4%** by 2050
with **PUBLIC FINANCING ON PUBLIC PENSION AND AGED CARE** to rise



2 Prevailing GAPS in COVERAGE, perpetuated by changing work landscape



Low coverage of
LABOUR FORCE

60%
(9.3 mil)

of labour force covered by
statutory pension scheme
(EPF, KWAP, LTAT, SOCSO)

Total labour force: 15.6 mil



Drop in **REGULAR
CONTRIBUTORS**

(has not recovered to pre-Covid levels)

50%
(5.4 mil)

of **formal sector workers**
contribute regularly to **EPF**

Total formal sector: 10.8 mil



Rising **GIG ECONOMY**

↑ 25%

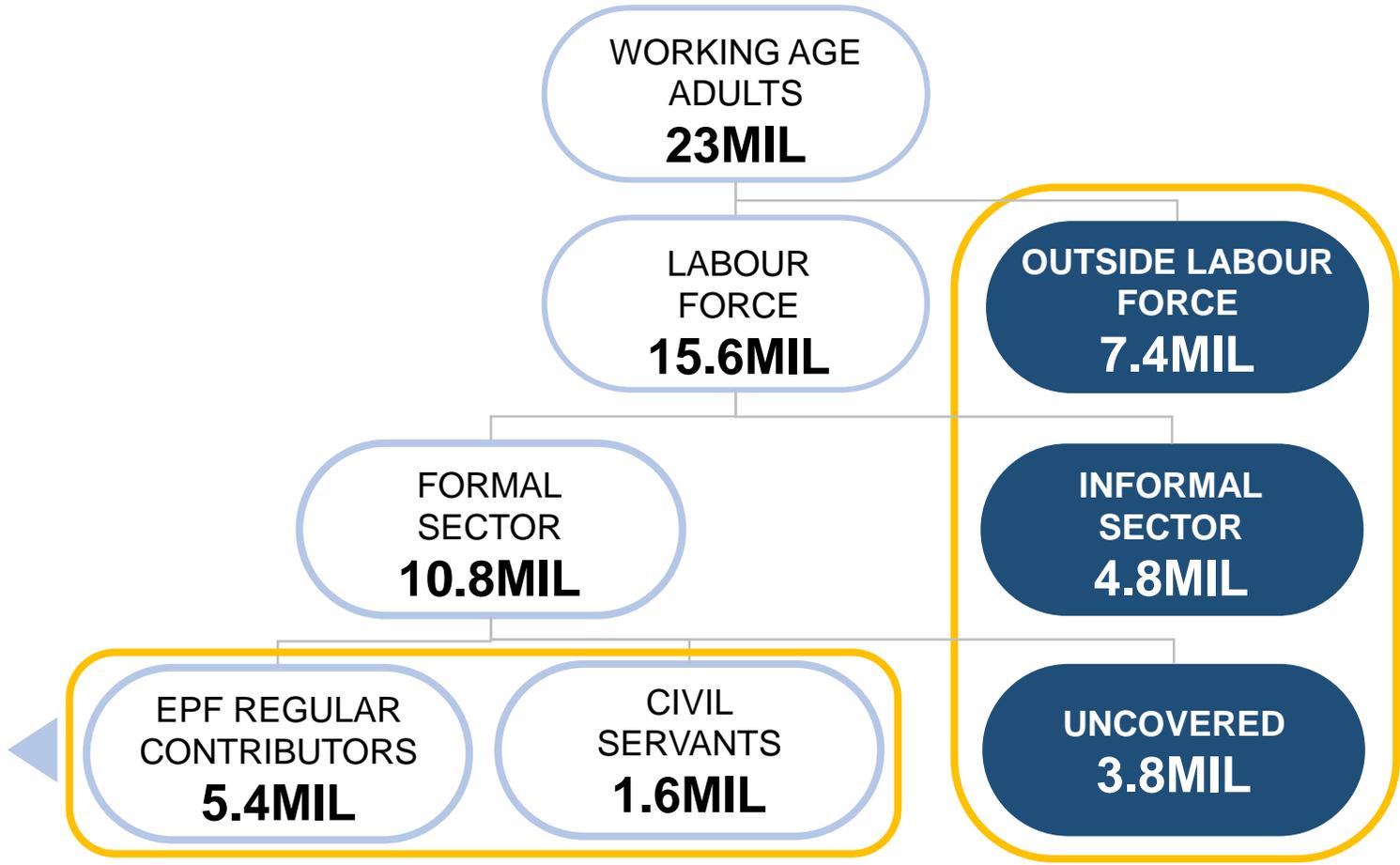
GROWTH
over the past 10 years and
is **expected to grow faster**

No formal pension scheme



3 Significant number of working age adults are STILL UNCOVERED

30% (7.0MIL)
of **WORKING AGE ADULTS** actively contribute



70% (16.0MIL)
of **WORKING AGE ADULTS** do not actively contribute

Source: DoSM (2019); EPF Internal Data

Onboarding **EMPLOYERS WHO AVOID MANDATORY OBLIGATION** and **INFORMAL SECTOR** will be key

Agenda



EPF OVERVIEW



ISSUES AND CHALLENGES



MOVING FORWARD



Strategic Initiatives towards sustainable well-being for Gig Workers



1

i-SARAAN

- ▶ Safeguard retirement well-being
- ▶ Enhance retirement income



2

MEMBER ADVISORY SERVICES

- ▶ Financial and retirement advisory
- ▶ Product advisory



FINANCIAL LITERACY TOOLS AND GUIDES

- ▶ Belanjawanku
- ▶ Financial planning information kit / module



A retirement savings programme designed for self-employed and gig workers

i-SARAAN



Launched in
**JANUARY
2010**

OBJECTIVE

For self-employed and those who do not earn a regular income

**SAVE FOR THEIR
RETIREMENT**

TOTAL REGISTERED

297,869

BENEFITS

- ▶ **EPF ANNUAL DIVIDEND**
- ▶ **GOVERNMENT INCENTIVES**
 - 15% subjected to maximum RM250 annually (2018-2022)
- ▶ **TAX RELIEF**
 - Up to RM4,000 per year
- ▶ **VALUE ADDED SERVICES**
 - Death benefit of RM2,5000
 - Nomination services to protect your loved ones
- ▶ **NEW OFFERINGS (IN PIPELINE)**
 - Discounts / special prices for EPF members

Supported by Government's **economic recovery plan** (PENJANA)



Multiple savings channels for Gig Workers to increase their savings



CONTRIBUTIONS THROUGH PLATFORM PROVIDERS

- ▶ **DEFAULT** deductions; or
- ▶ **CUSTOMISED** deductions



GOVERNMENT INCENTIVE

- ▶ **15%** subjected to maximum RM250 annually

** Note: Initiatives in the pipeline*



OTHER SAVINGS CHANNELS

- ▶ **SELF** contribution
- ▶ **THIRD PARTY** top up
- ▶ ***POINTS CONVERSION**
- ▶ ***MICRO SAVINGS**



Personalised financial planning advisory at no charge



RETIREMENT ADVISORY SERVICES

- ▶ EPF savings management and options
- ▶ Retirement needs in total
- ▶ Lifestyle options during retirement
- ▶ EPF savings at retirement age (55 / 60)
- ▶ Monthly expenses required during retirement

MEMBER ADVISORY SERVICES



RETIREMENT ADVISORY



EPF PRODUCT ADVISORY



WITHDRAWAL ADVISORY



FINANCIAL ADVISORY



HOUSING ADVISORY



INVESTMENT PLANNING



PROTECTION PLANNING



ESTATE PLANNING



EDUCATION PLANNING



BelanjawanKu Expenditure Guide in helping members manage their finances



What is BELANJAWANKU?

- ▶ An expenditure guide, providing estimated minimum monthly expenses on various types of goods and services and recommendations on savings level for different households in Malaysia
- ▶ Launched in 2019 for Klang Valley

BELANJAWANKU

Expenditure Guide For Malaysian Individuals & Families

THIS IS HOW MUCH I NEED A MONTH...

BELANJAWANKU
KLANG VALLEY • 2019



SINGLE
(PUBLIC TRANSPORT USER)
RM1,870



SINGLE
(CAR OWNER)
RM2,490



MARRIED COUPLE
(WITHOUT CHILDREN)
RM4,420



MARRIED COUPLE
(WITH ONE CHILD)
RM5,730



MARRIED COUPLE
(WITH TWO CHILDREN)
RM6,620



ELDERLY
COUPLE
RM3,090

- ▶ Having enough money to **meet basic needs**
- ▶ Living a **purposeful and meaningful life**
- ▶ Being **involved in community activities** and **gatherings of families and friends**



Other initiatives to enhance members' financial literacy



1

My Money Matters

- ▶ A reference guide to make informed financial decisions



2

Belanjawanku App

- ▶ An interactive financial planning tool to manage your expenditure



3

Financial Planning Platform

- ▶ A full-fledged financial management tool





HELPING MEMBERS ACHIEVE A BETTER FUTURE

NURHISHAM HUSSEIN | nurhisham@epf.gov.my

CONTACT
MANAGEMENT
CENTER

03-8922 6000

OFFICIAL
WEBSITE

www.kwsp.gov.my

