MEDIA RELEASE

EPF MAINTAINS THE INTEGRITY OF MEMBER DATA

- *2 million members aged 40-54 have less than RM10,000*
- *2.64 million inactive members among 4.81 million members aged 40-54*

KWASA DAMANSARA, 9 March 2023: The Employees Provident Fund (EPF) wishes to clarify on the current status of member savings balances as recently raised in Parliament. This is specifically in relation to the Government's initiative to enhance the retirement savings of EPF members aged 40-54 with savings of RM10,000 or less in Account 1 through a one-time RM500 contribution.

The EPF places the highest importance on the integrity of member data and adheres to strict policies, controls, and audit procedures. This is in keeping with the EPF's role as trustee and custodian of members' retirement savings.

We would like to clarify that the table contained in the *EPF 2021 Annual Report* refers to active members only. As at end December 2022, there are actually 4.81 million EPF members in the 40-54 age range, with 2.17 million being active members and 2.64 million inactive members (defined as having made no contributions in the past year):

Active Members

Age Range (years)	Number of Members	Average Savings	Median Savings
40-44	846,431	RM149,577	RM103,059
45-49	724,406	RM206,270	RM136,194
50-54	600,964	RM237,426	RM134,926
55-59	412,766	RM203,438	RM54,380
60-64	202,949	RM206,818	RM42,062
65+	137,750	RM238,701	RM49,704

Inactive Members

Age Range (years)	Number of Members	Average Savings	Median Savings
40-44	932,264	RM26,109	RM3,271
45-49	878,281	RM39,371	RM7,409
50-54	829,155	RM48,605	RM9,481
55-59	663,074	RM40,605	RM3,348
60-64	381,092	RM64,130	RM3,739
65+	854,454	RM38,146	RM1,678

Total Active and Inactive Members

Age Range (years)	Number of Members	Average Savings	Median Savings
40-44	1,778,695	RM84,864	RM29,301
45-49	1,602,687	RM114,808	RM38,678
50-54	1,430,119	RM127,952	RM35,161
55-59	1,075,840	RM103,079	RM11,547
60-64	584,041	RM113,713	RM8,149
65+	992,204	RM65,989	RM2,186

The large difference between the averages and medians in each age cohort indicates the high degree of inequality that exists between EPF members, where a small number of members hold a larger share of the savings. The median savings amount is a more appropriate measurement to assess the savings levels of EPF members as it represents the midpoint of savings when all EPF members' savings are arranged in ascending order from the lowest to the highest amount.

A number of factors have contributed to low overall member savings for this age group:

1. Lower starting salaries for those who began their careers earlier, before Malaysia's minimum wage was implemented in 2013;
2. Structural wage challenges, whereby 44% of EPF's contributors earn less than RM2,000 and 81% earns less than RM5,000;
3. Inconsistent contributions due to members shifting in and out of formal sector where only 45% of 4.81 million members in this age group made contributions in 2022, while the rest did not contribute at all last year;
4. Only half of the private sector labour force, who are under formal employment contracts, are mandated to contribute to the EPF. The remainder comprises individuals in other sectors, such as agriculture or informal work, or those who are contract workers and business owners; and
5. A total of 2.85 million members or 59% of members in this age group applied for COVID-19-related withdrawals and withdrew more than RM62 billion in total, further reducing their savings.

The EPF welcomes the Government's one-off RM500 contribution initiative, which will be available to both active and inactive members, as a step towards boosting members' retirement savings. This incentive will serve as a catalyst for members to rebuild their savings and achieve a dignified retirement, which in turn will help to mitigate the impact of Malaysia's rapidly ageing population.

Details on the programme are being worked out with the Ministry of Finance, subject to budget approval from Parliament, and will be communicated to members in due course.

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<u>About the Employees Provident Fund (EPF)</u>

The Employees Provident Fund ("EPF") is one of the oldest retirement funds in the world. Established in 1951, the EPF is a social-security organisation focused on safeguarding member savings and delivering excellent services. In recent years, in line with its vision of helping members achieve a better future, the EPF has expanded its role to encompass the creation of a comprehensive social well-being ecosystem. Today, the EPF remains steadfast in its commitment to members through consistent efforts to update and improve itself, in order to build the foundation for sustainable, holistic and equitable well-being for all Malaysians