



“Earning RM4,900 makes you T20?”: Get real, PSM tells EPF!

YESTERDAY, the Employees Provident Fund (EPF) announced that a total of RM40.1 bil from 5.3 million special withdrawal applications would be distributed in batches beginning April 20 onwards.

In a statement, the pensions fund also said the number of applications received represented 44% out of the 11.95 million members who are eligible to withdraw their savings under the initiative.

“This represented 55% of eligible B40 members (those earning less than RM1,700), 59% of M40 members (RM1,701 – RM4,900), and 39% of T20 members (earning above RM4,900). A further 29% of informal and inactive members also applied.

“The Bumiputera Malays made up the bulk of applicants by race at 63%, followed by the Chinese at 12%, and Indians at 7%. The remaining 17% were Bumiputera Sabah and Sarawak, and non-Malaysians,” The Vibes reported EPF as saying.

However, EPF’s threshold on determining the income levels of B40, M40 and T20 caught several quarters’ eyes, which included Parti Sosialis Malaysia (PSM).

“The society income strata is out of place and misleading. It also puzzling that EPF is referring to B40 as those earning RM1,700 and below, when other Government agencies have already announced and adopted that B40 are those earning RM4,000 (household income) and below.

“In any case, the RM1,700 threshold is too low even if we only consider individual income. If B40 is generally regarded as below RM4,000 in terms of household income, then the threshold for individual income should be RM2,000 and below,” its secretary general A Sivarajan told FocusM.

The PSM leader then urged EPF to use the data and threshold used by the **Department of Statistics Malaysia (DOSM)** as reference, adding that even the Government was handing out Bantuan Sara Hidup (BSH) aid money to those earning RM4,000 and below, in terms of household income.

Using DOSM’s figures, Sivarajan pointed out that the Government statistics agency categorises those earning RM4,360 household income as B40. Individuals who earn RM2,200 and below are also lumped into the same category.

“Those earning between RM4,360 and RM9,619 household income are categorised under M40, with individuals earning between RM2,200 and RM4,809 also coming under the same group.

“And those with earning above RM9,619 household income are categorised as T20, with individuals earning above RM4,800 also falling under the same group,” he noted.

What is left after retirement? Provide that data

On why EPF was not using DOSM's methodology in dissecting income groups, Sivarajan opined it could be that the former was attempting to skew the narrative to justify the new withdrawal initiative, which was panned by many quarters, including the PSM.

"Perhaps, they wanted to show that the latest withdrawal scheme from the EPF was not too bad," he alleged.

On that note, Sivarajan urged EPF to provide a calculation on how much will be left in contributors' accounts should they choose to apply for the new withdrawal scheme, particularly for the B40.

He added the EPF should also provide statistics to the contributors on how long they can sustain beyond retirement, with the remaining balance in their accounts.

"That is what we want to know from the EPF. That data will definitely raise red flag among the Government and contributors themselves.

"With these calculations, at least the contributor will know how much they will have once they reach 60 years of age and how long it will sustain them beyond that.

"With such information, the contributor can decide better on whether to proceed or not to withdraw money from the retirement savings," he mentioned. – April 17, 2022

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