



Kumpulan Wang Simpanan Pekerja
Employees Provident Fund of Malaysia



EPF : FINANCIAL LITERACY TRANSFORMATION

ASSA GOOD PRACTICES WORKSHOP 2015

FINANCIAL LITERACY TRACK

Agenda

Overview on Financial Literacy

Issues and Challenges

Transformation

Retirement Advisory Service

1 OVERVIEW

Low financial literacy

Majority of Malaysians are not financial literate

No Financial Assets

NO FINANCIAL ASSETS

Non-Malay
Bumiputera

57%

Malay

55%

Chinese

45%

Indian

44%

HOUSEHOLDS WITH ZERO SAVINGS



Rural
households

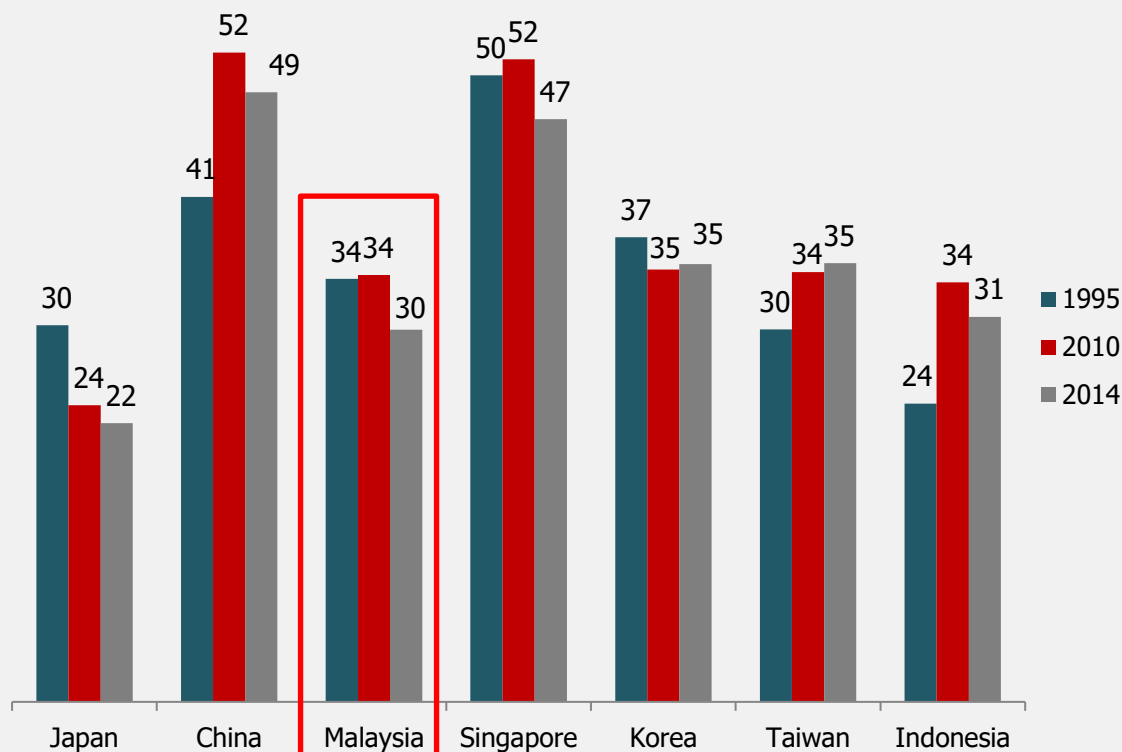
90%



Urban
households

86%

Gross National Savings Against GDP (%)



Source : UNDP

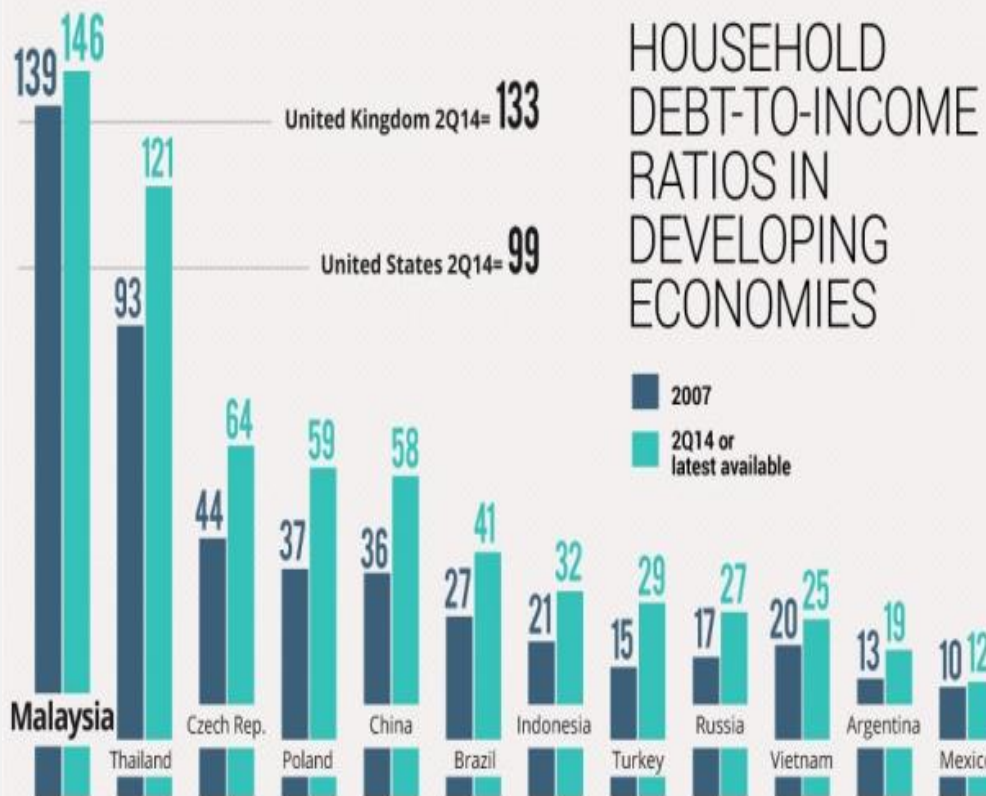
Source : International Monetary Fund (IMF)



ASSA 2015

Low financial literacy

Increasing household debt

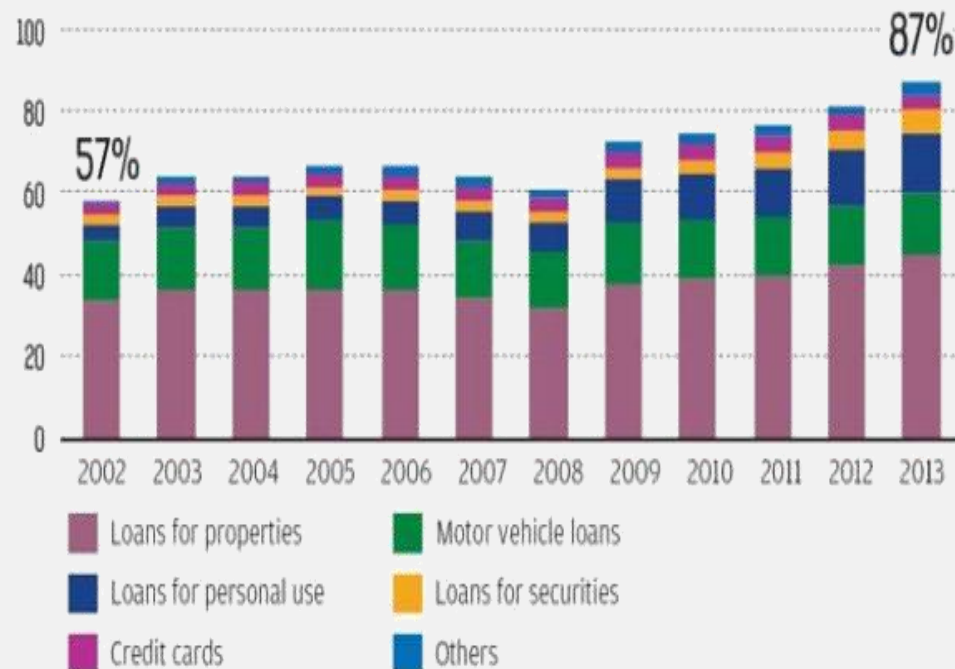


Source:
Mckinsey Global Institute



Composition of household debt

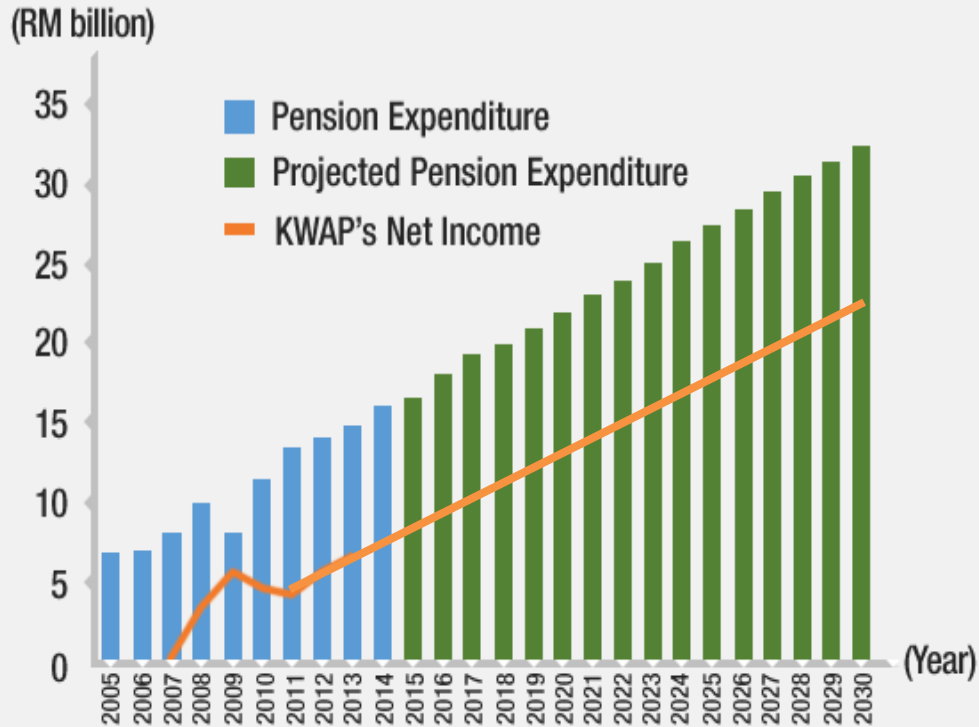
% of GDP



Source:
Bank Negara Malaysia



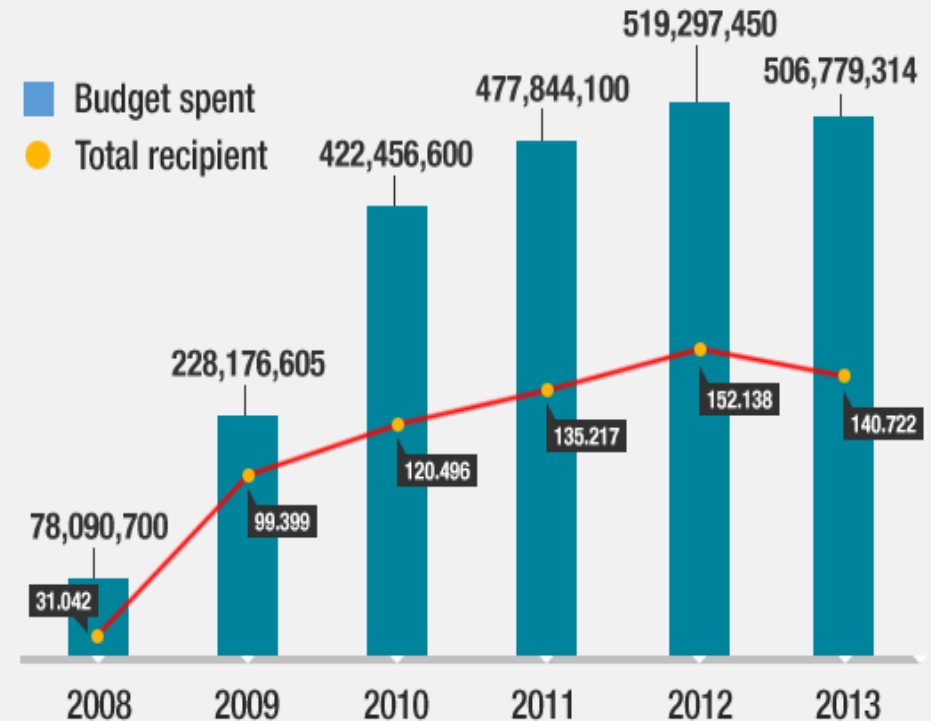
To eradicate elderly poverty



Projected annual public pension expenditure may hit RM22billion (2020) or RM32.5billion (2030)

Source:

Economic Report, 2005-2013 | KWAP Annual Report, 2007-2013
Department of Statistics Malaysia



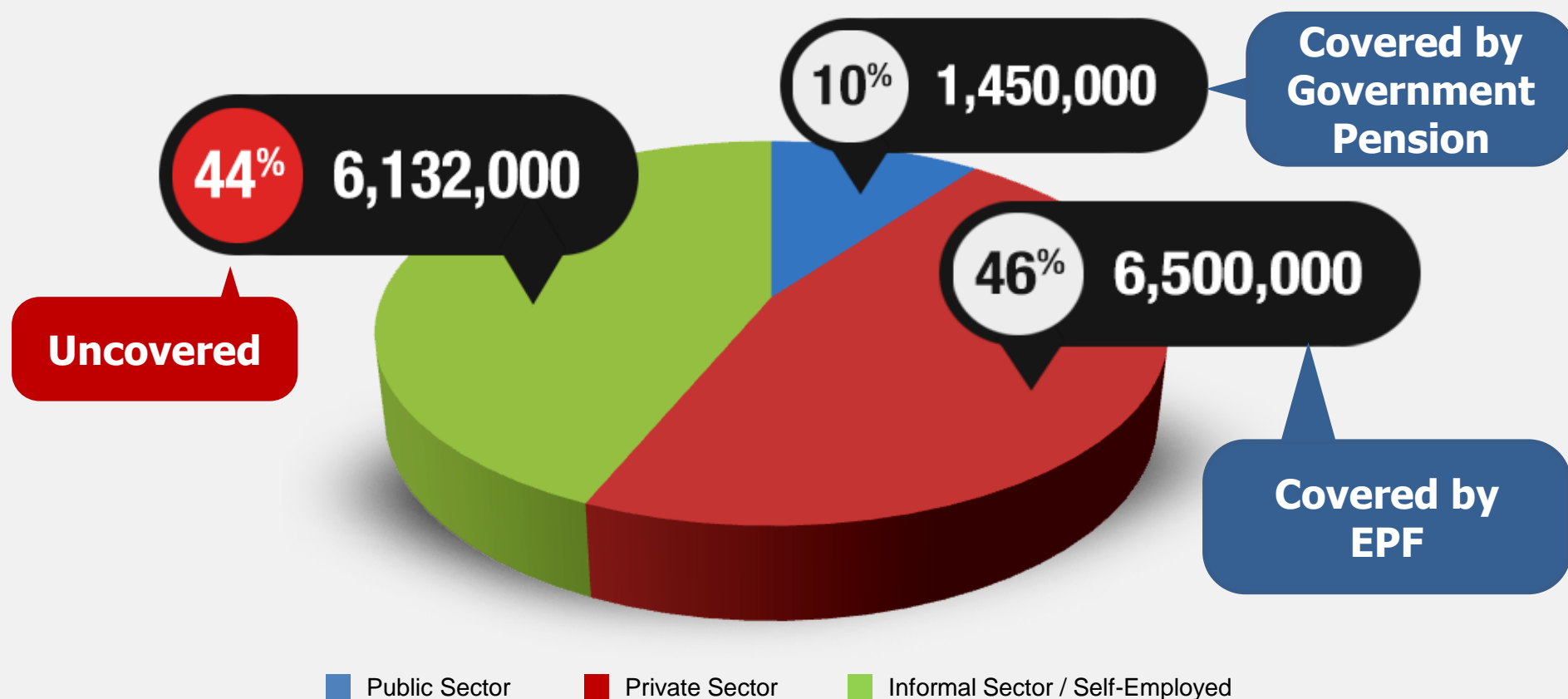
Increased budget spent for Bantuan Orang Tua (BOT)

Source:

Department of Social Welfare (JKM)

No formal system for the self-employed

44 percent of labour force not covered by any pension scheme



Source: Ministry of Human Resources

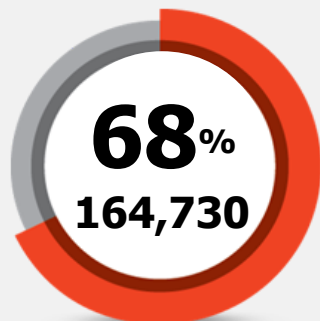
Inadequacy of retirement savings

Majority of our members do not have enough savings for retirement



Total Members

achieved the **Basic Savings Quantum** According to age band



Total Members Age 54

have savings **lower than RM50,000**



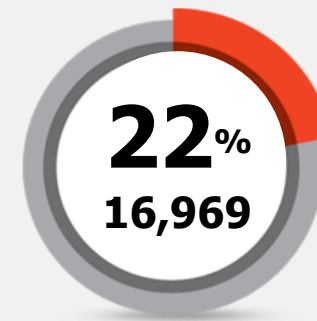
Ex-EPF Members

exhausted their EPF savings in **5 years**



Active Members

achieved the **Basic Savings Quantum** according to age band



Active Members Age 54

achieved the **Basic Savings**

Assuming that the members spend only RM820 per month, **RM50,000 can only last for 5 years.**

Inadequacy of retirement savings

Reasons for low savings

1

Low Salary

- **89% (5.9 million)** active members earn below RM5,000 monthly.

2

Low Contribution Rates pre 1995

- Low contribution rates from **1952 – 1995:-**
 - Employer: range within **5 – 11%**
 - Employee: range within **5 – 10%**

3

Pre-retirement Withdrawals that don't build assets

- Age 50 Withdrawal that serves **no purpose**.

4

Early Retirement

- **Minimum Retirement Age Act for private sector** only effective on **1st July 2012 (Age 60 years)**

5

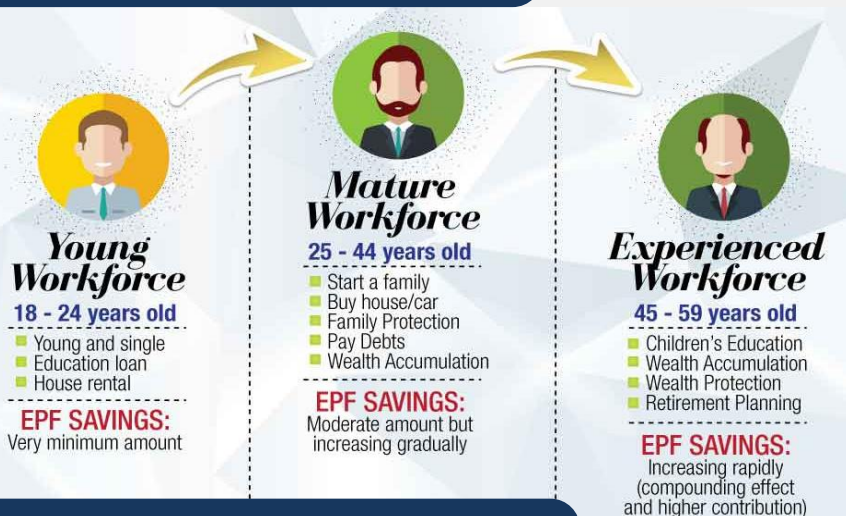
Member's behavior and lifestyle

- **71% (105,182) members age 55 – 60 years** still prefer lump-sum withdrawal.

Financial Literacy

Able to make informed financial decisions

Working Phase/Accumulation



Retirement Phase/Decumulation



Think Members' First

Be Mobile First

- Develop websites for mobile first
- Apps for members and staff
- Adaptive websites

Provide Options and Choices

- Provide Investment choices
- Decumulation and Accumulation products
lifelong income, protection)
- Enhance Products and Services

Build Sustainable Social Security Ecosystem

- Advocate national level income layering and financial Literacy
- Facilitate Social Security Masterplan
- Expand coverage

Be Trusted Advisor

- Expand RAS beyond counter
- All Executives as Retirement Advisors
- Financial Literacy

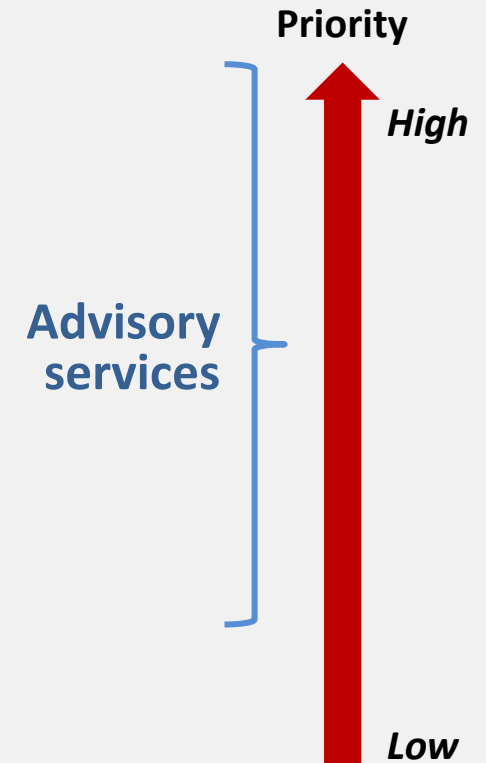
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TRANSFORMATION

How our service will transform to offer more advisory

CURRENT

FUTURE



Will impact branch layout, branch footprints, call center upgrading,
people upskilling, mobile team scheduling



Financial Literacy : Activities



Objective:

To increase **financial awareness and understanding** among the Malaysian public

Key Deliverables for 2015

- Increase # of public awareness briefings
- **Module on financial knowledge** to be introduced at:
 1. Vocational Institute (*current*)
 2. Tertiary and College level (*to be introduced*)

Retirement Advisory Services (RAS)



RAS
Retirement Advisory Services

*Let us guide you in planning
for your retirement.*

**Come See Us Today,
It's Complimentary!**

Available now at:
1) Bangunan KWSP, Jalan Raja Laut, Kuala Lumpur.
2) Bangunan KWSP, Jalan Gasing, Petaling Jaya.

Make an appointment with us by contacting our Call Centre 03-8922 6000
For more info, visit www.kwsp.gov.my | [Facebook](#) | [Twitter](#) | [RASPlus](#)

KUMPULAN WANG SIMPANAN PERAKA

KHENNEY NADZRY PERKARAH
Retirement Advisory Services (RAS)

Objective:

- To assist EPF members with a **sustainable retirement planning**

Key Deliverables for 2015:

- Staff @counter will be **provided skills and knowledge** to ensure they are able to provide advisory services to members
- RAS will be offered at **6 additional spokes** in 2015 (total: 8 branches)
- By 2017 – 18 spokes

RAS and Financial Literacy components

**RAS COUNTER
SERVICES**

**RAS FINANCIAL
PLANNING
MODULE**

**MEDIA
CAMPAIGN**

**PUBLIC
BRIEFINGS AND
ENGAGEMENT**

RAS MICROSITE

RAS MOBILE APPS

**RAS TRAINING FOR
ALL EXECUTIVES AND
KEY FRONTLINERS**

**FINANCIAL LITERACY
MONTH**

**CALL CENTER
RETIREMENT
ADVISORY**

**MOBILE TEAM
ADVISORY**

**THANK
YOU**

