

ASSA Recognition Award 2016

CATEGORY	:	Financial Literacy Recognition Award
ORGANISATION	:	Employees Provident Fund (EPF) Malaysia
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NAME OF PROJECT	:	Retirement Advisory Service (RAS)
OBJECTIVE AND NATURE OF PROJECT	:	<p>EPF's strength and reputation is founded on the principle of providing members with sufficient income to enable a comfortable retirement. However, worrying statistics show that as at 31 December 2015, only 38% (2.8 million people) of active EPF members have met the Basic Savings amount of RM196,800. Further data shows that 65% of members aged 54 years (163,252 people) have less than RM50,000 in their EPF accounts and assuming that they have no other sources of income or savings, this amount will be exhausted within five years if spending is kept below RM820 a month. The EPF is of the view that members need to be empowered to make the right decisions, and this can be achieved through greater financial literacy.</p> <p>One of the key projects under EPF's Financial Literacy Campaign initiative is the Retirement Advisory Services (RAS), which aims to achieve the following objectives:</p> <ol style="list-style-type: none"> 1. Increase awareness and knowledge of on the importance of retirement and financial planning; 2. Provide financial guidance and advice to members on the options to manage their retirement savings; 3. Address issues relating to inadequacy or leakage of members retirement savings. <p>In July 2014 the EPF introduced RAS counters at the Kuala Lumpur and Petaling Jaya branches, with the mandate to provide guidance and financial advice to members on how to better manage and make their retirement savings last longer throughout their golden years.</p> <p>Following encouraging response from the public, this pilot project was expanded to another five branches nationwide in 2015, with more planned for 2016.</p>

<p>WHY IT SHOULD BE RECOGNISED</p>	<p>:</p> <ol style="list-style-type: none"> 1. The RAS mandate is to provide free financial advice and guidance to members on how to better manage and make their retirement savings last longer throughout their golden years. This is to in line with empowering members to make informed decisions about their EPF retirement savings pre- or post-retirement. 2. RAS is available to all EPF members, regardless of age, race, religion or income level. 3. RAS does not recommend or promote any third party investment products or services. 4. RAS officers are trained in the areas of Basic Financial and Retirement Planning, and are certified as a Registered Financial Planner with the Malaysian Financial Planning Council (www.mpfc.org.my). 5. Malaysia is the second nation after South Korea and the first in ASEAN whose retirement savings fund organisation offers retirement advisory services. 6. More than 14,000 members have visited the RAS counters as at 31 May 2016, and with an overall satisfaction rating of 99%.
<p>SUMMARY OF THE PROJECT</p>	<p>:</p> <p>The EPF believes that the savings behaviour of Malaysians can be improved via education, and carries out various campaigns as well as initiatives to nurture greater financial literacy among our members. This includes the Retirement Advisory Service (RAS), which is aimed at enhancing the level of financial literacy among EPF members, especially those who are nearing retirement age, or who have already retired but still have savings in the EPF.</p> <p>RAS officers are highly trained in the areas of basic financial and retirement planning and are required to undergo the Registered Financial Planner programme, run by the Malaysia Financial Planning Council and which includes job attachments with other registered advisory agencies in the country. RAS officers are able to provide advisory services in the areas of:</p> <ul style="list-style-type: none"> • Pre-Retirement Planning • Post-Retirement Planning • Current Retirement Savings • Retirement Capital Sum • Retirement Gap <p>In addition and where applicable, RAS officers are well-versed in other EPF savings schemes such as EPF Members' Investment Scheme (through Unit Trust), voluntary contributions, contributions above the statutory rates and the government initiative 1Malaysia Retirement Savings Scheme (SP1M).</p> <p>The expansion of RAS has been embedded within the EPF's 5 Year Rolling Plan 2016-2020, as it is expected to significantly transform EPF's business and operating model to one with emphasis on retirement planning from the currently more transactional-based model.</p>

	<p>The idea for RAS is also aligned to feedback obtained from EPF’s Members Consultation Exercise, where in April 2015 the EPF proactively reached out to obtain members views on proposed changes and improvements to EPF. Every opportunity was taken to consult with political parties, relevant organizations and associations representing workers, employers and industry, such as the Malaysian Trades Union Congress (www.mtuc.org.my), Malaysian Employers Federation (www.mef.org.my), and the Federation of Malaysian Manufacturers (www.fmm.org.my).</p> <p>This public consultation exercise recorded a total of 96,448 members who participated in the two week survey, making it the country’s biggest public consultation exercise ever held. The survey results had a small 0.35% margin of error and a 95% confidence level, which indicated that the results were statistically significant and representative of the opinion of all EPF Members. The findings also revealed a higher propensity for younger¹ members being interested to take charge of their retirement savings.</p> <p>The EPF has also enhanced its relationship with other agencies, such as Bank Negara Malaysia (www.bnm.gov.my), the Securities Commission Malaysia (www.sc.com.my), the Credit Counselling and Debt Management Agency (www.akpk.org.my) and Private Pension Administrator (www.ppa.my) to provide a holistic view of financial literacy to all levels of the Malaysian working population. According to BNM statistics, as at April 2013, Malaysians have taken RM316.3 billion in housing loans, RM145 billion in car loans, RM55.8 billion in personal loans and RM32.3 billion in credit card loans and poor financial planning was the biggest reason for Malaysians debt problems. Despite their financial difficulties, Malaysians are generally shy and embarrassed to come forward to seek financial help.</p> <p>Hence and in line with efforts to urgently address the level of financial literacy among younger Malaysian public, the EPF worked closely with media to develop a 10-episode weekly TV programme “Let’s Du-it” aimed at attracting younger audiences to start planning early for their retirement and how to manage their money. This educational reality-based show is in a light hearted format for easier viewing, where contestants are challenged to make the best possible financial decision: participants are given different types of real life situations and a set sum of money to live within a certain period. From thereon, participants learn how to maximize, stretch the value and wisely spend the given amount of money. This “Let’s Du-it” programme complements the RAS mandate, i.e. to provide financial guidance and advise on how to save, stretch your dollars and be a more informed consumer.</p>
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¹ Approximately 66% respondents were aged 40 and below; 25% were between ages 41 and 50, 9% were between ages 51 and 60, and less than 1% were above 60 years old.