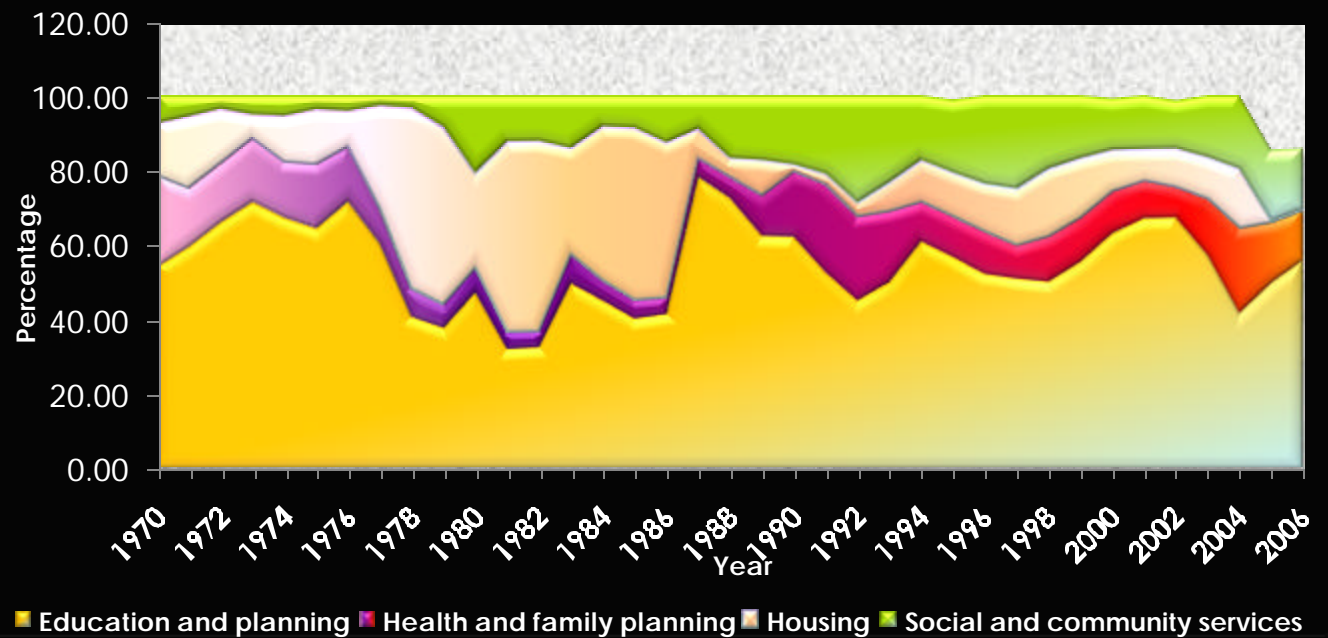
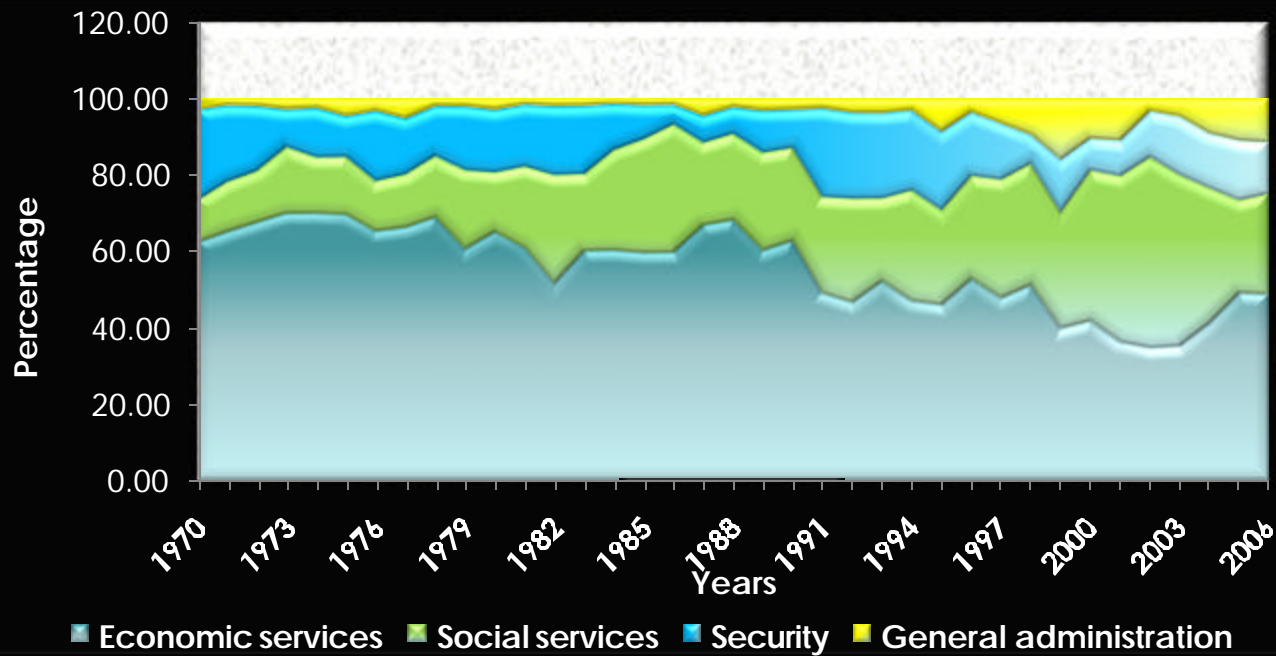


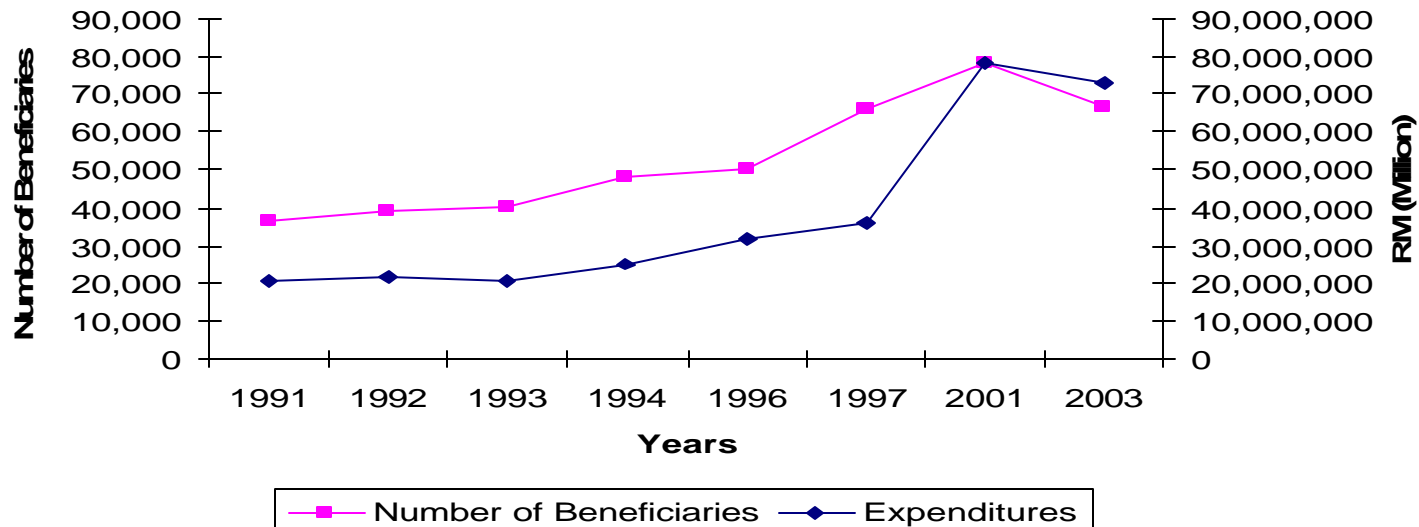


SOCIAL PROTECTION In MALAYSIA

By: Saidatulakmal Mohd

Arab Forum on Social Policy, Beirut, 28 – 29 October 2009





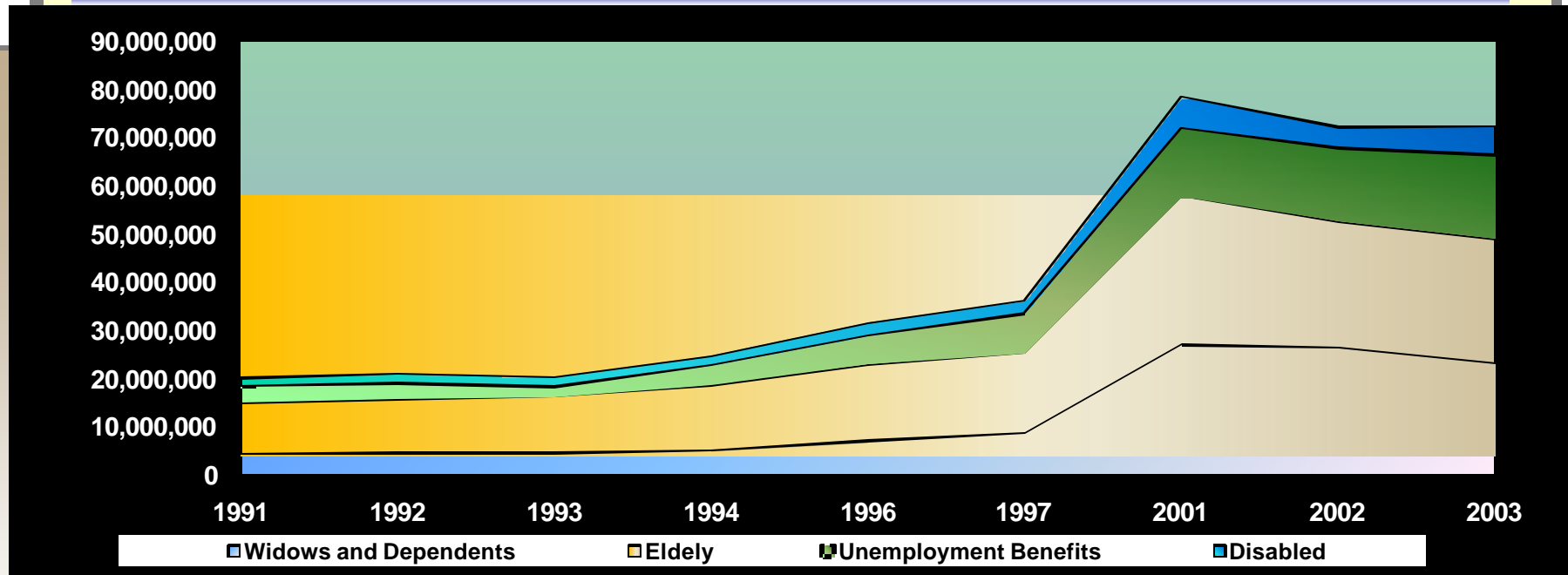
Target
Group
And
Programmes:

Children
Elderly
General Assistance
Foster Children
Disabled
Grants
Natural Disaster
Artificial Body Parts

Widows & dependents
School assistance
Prisoners dependents
Unemployment benefits

Lump sum grant
Monetary value, subsidy-in-kind,
Apprenticeship training &
small business Launching grants

Monthly Allowance :
RM100 per person or
RM700 per family



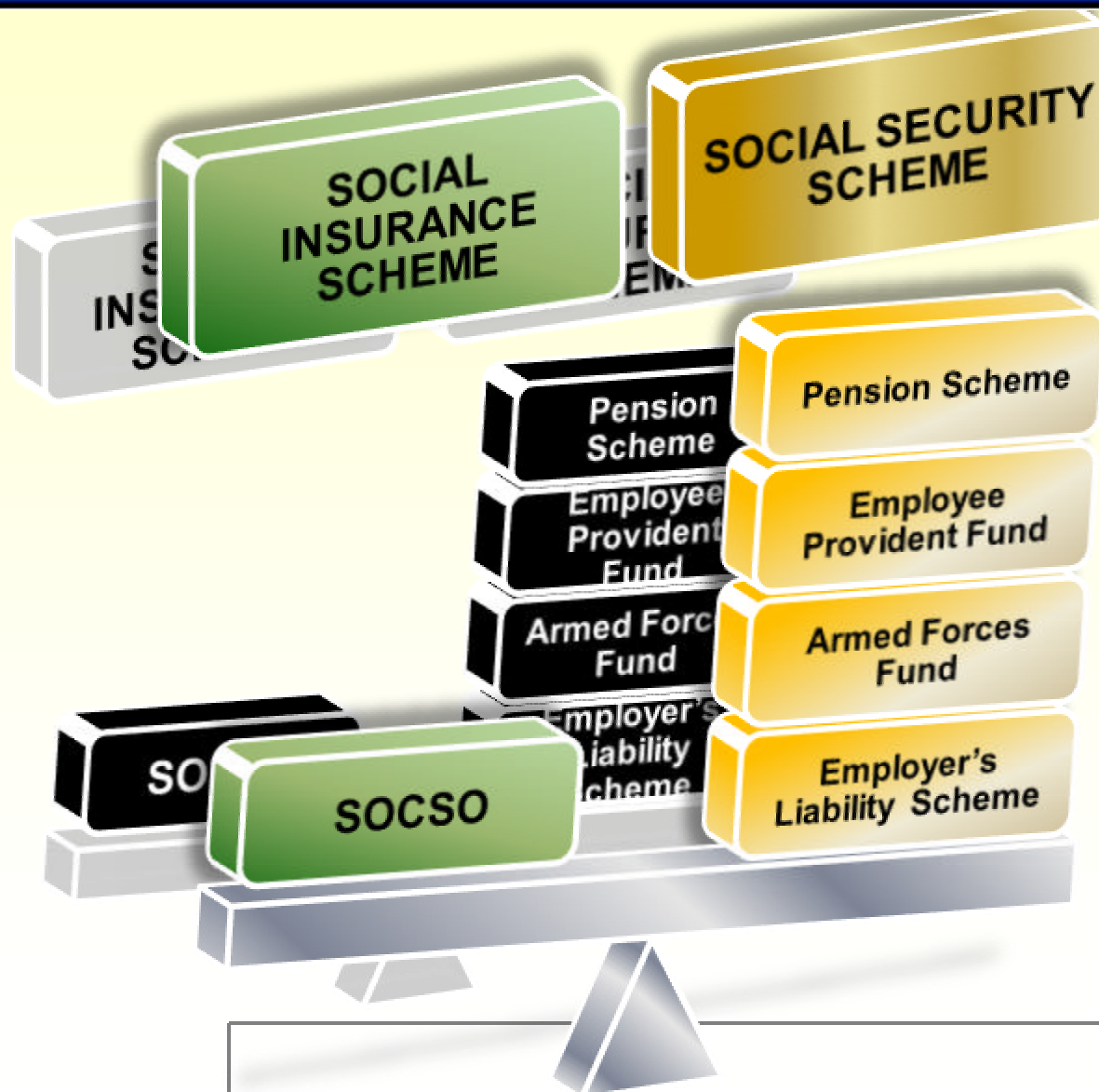
Elderly: largest group
Receiving social assistance

National Policy for Older
Person 1990:

Old Folks above the age of 60
Years who are destitute & do not
have any relatives – eligible for assistance
of up to RM200 a month

"Create a society of elderly people who are contented and possess a high sense of self worth and dignity, by optimizing their self potential and ensuring that they enjoy every opportunity as well as care and protection of members of their family, society and nation" (Government of Malaysia, 1996)

SOCIAL PROTECTION SYSTEMS :



SOCIAL PROTECTION SYSTEMS : PENSION SCHEME

PENSION SCHEME

Pension & grants dependents upon the length of service & last drawn salary

> 25 years entitled to a 50% replacement rate

< 25 years - based on the formula:

$\frac{1}{600} \times \text{length of service} \times \text{final monthly salary}$

Pensioners entitled free Health treatment in government's Clinic and hospital

PENSION:

- i- Paid one month after retirement*
- li- Paid monthly for the rest of life*

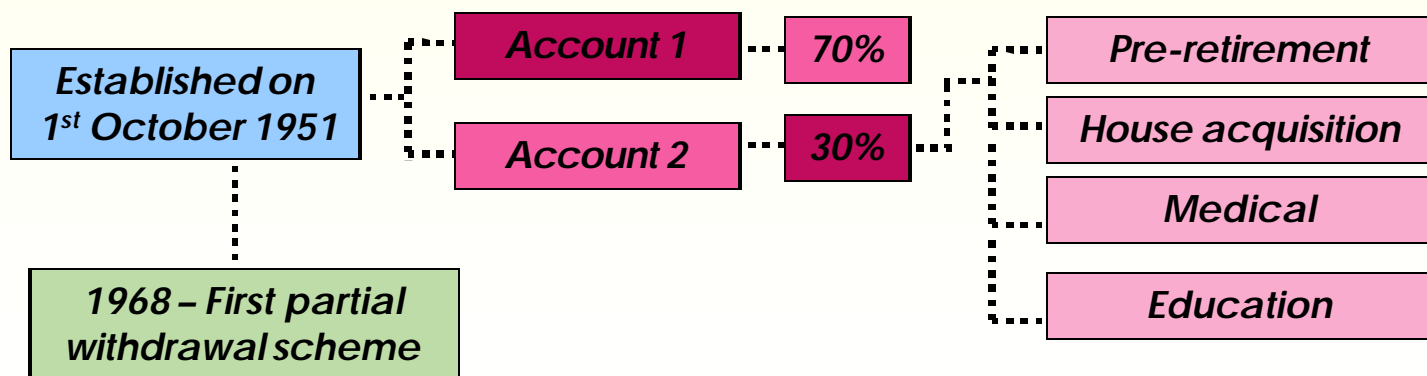
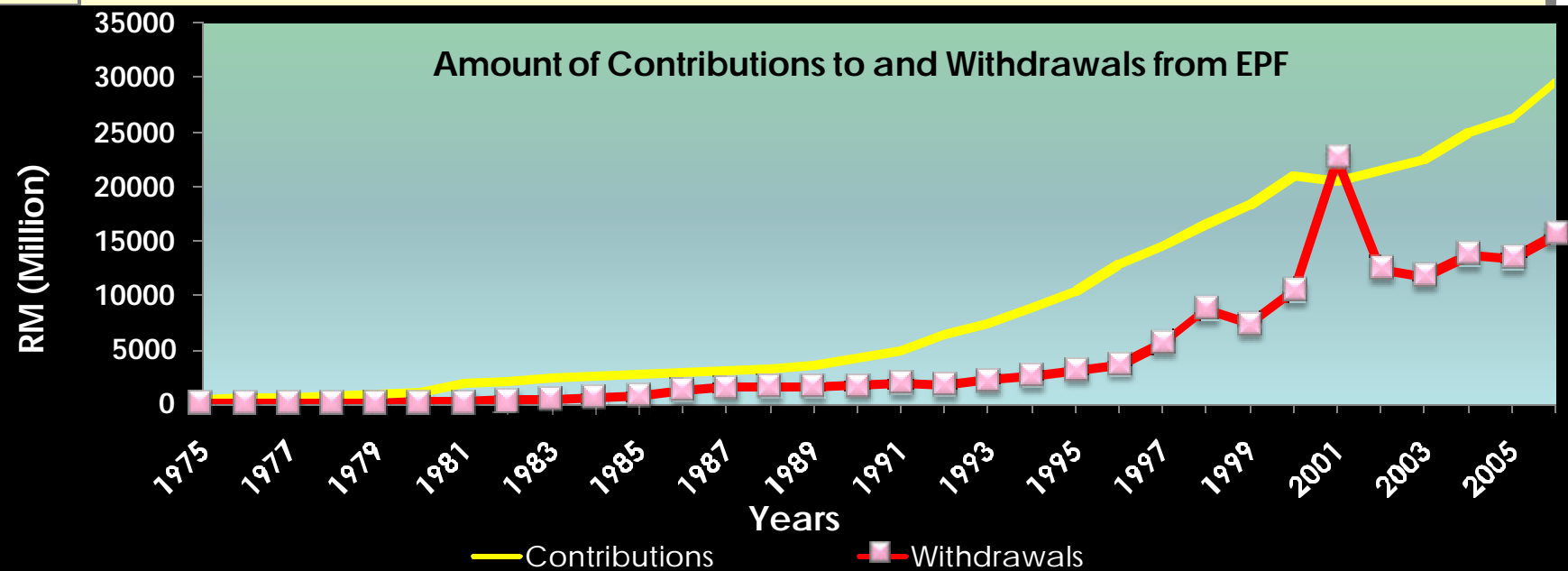
GRATUITIES:

- i- Paid as a lump sum upon retirement*
- li- Paid lump sum*

GOLDEN HAND-SHAKE:

- i- paid on the last day of job*

SOCIAL PROTECTION SYSTEMS : EMPLOYEE PROVIDENT FUND (EPF)



SOCIAL PROTECTION SYSTEMS :

ARMED FORCES FUND (LTAT)

INTRODUCTION:

- ✓ 1973 – Compulsory for members of other rank
- ✓ Contribution rate 10% - Employee & 15% - Government
- ✓ Military Officer – Saving scheme & contribute Voluntarily to the fund
- ✓ Permit to withdraw to purchase a low-cost-house – Withdraw up to 40% from the balance in the account
- ✓ Withdrawal at the age 50 & no monthly payment option

PENSIONABLE MEMBER:

- ✓ Receive a pension from Government – Only receive the employee contribution upon retirement

VOLUNTARY MEMBER:

- ✓ No restriction on withdrawals of money from the fund
- ✓ Withdrawals will terminate the LTAT membership

NON PENSIONABLE MEMBER:

- ✓ Would receive the employee contribution, government contribution & other accumulated benefits
- ✓ Can withdraw the entire saving from the fund 1 month after dismissal from the army

**ARMED FORCES
FUND (LTAT)**

SOCIAL PROTECTION SYSTEMS : EMPLOYER'S LIABILITY SCHEME

EMPLOYER'S LIABILITY SCHEME

*Employment Injury Compensation
(Workmen's Compensation Act 1952)*

*Sickness Sick Leave Entitlement
(Employment Act 1955)*

*Paid Sick Leave Entitlement
(Employment act 1955)*

Depends on length of service:
< 2 years – 14 days
2-5 years – 18 days
> 5 years – 22 days

SOCIAL PROTECTION SYSTEMS : SOCIAL INSURANCE SCHEME

EMPLOYMENT INJURY INSURANCE SCHEME

1. BENEFIT INCLUDES:

- MEDICAL BENEFIT
- EMPORARY DISABILITY BENEFIT
- PERMANENT DISABILITY BENEFIT
- DEPENDANT'S BENEFIT
- DEATH BENEFIT
- REHABILITATION BENEFIT

2. PROVIDE PROTECTIONS TO WORKERS FROM SKIM SERVICES DISEASE (PENYAKIT KHIDMAT) & ACCIDENTS DURING TRAVELLING ON WORK RELATED MATTER

3. TEMPORARY/DISABILITY – MINIMUM PAYMENT OF RM 8 P/DAY OR 80% OF WAGES

4. PERMANENT DISABILITY – MINIMUM PAYMENT OF RM8 P/DAY OR 90% OF WAGES AS WELL AS DEPENDENT BENEFITS

5. CONTRIBUTION RATE WAS 1.25% OF MONTHLY SALARY

INVALIDITY PENSION SCHEME

1. PROVIDE COVERAGE AGAINST INVALIDITY OR DEATH DUE TO ANY CAUSE

2. BENEFIT RELATED TO TEMPORARY OR PERMANENT DISABILITY & REHABILITATION, FUNERAL, GRANTS, SURVIVOR'S PENSION & EDUCATION BENEFITS.

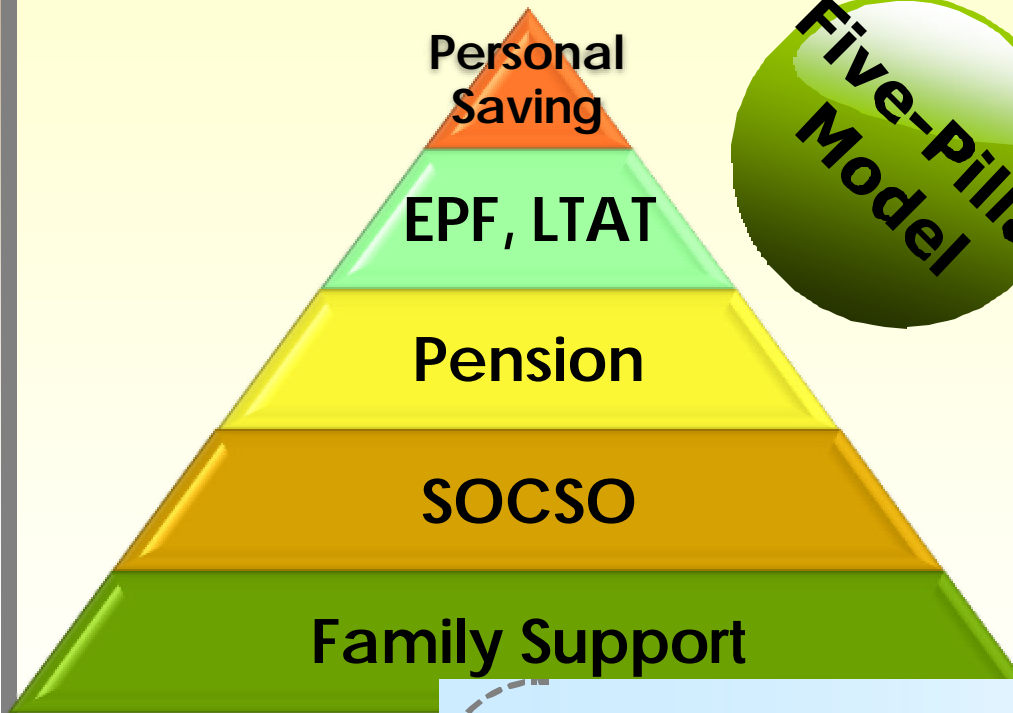
3. BENEFIT PAID OUT IN THE FROM OF PERIODICAL PAYMENT

4. PROVIDE 24 HOURS PROTECTION FROM DEATH OR INVALIDITY & OFFER PENSION BEFORE THE AGE OF 56

5. CONTRIBUTION IS 1%

SOCIAL PROTECTION SYSTEMS : DISCUSSION

Redefining Family Values



**Five-Pillar
Model**

**Three-Pillar
Model**

Concept of 'balas jasa' or repaying the parents

SOCIAL PROTECTION SYSTEMS : ADEQUACY OF RETIREMENT BENEFITS

EPF

Withdrawn savings to cover expenditure excluding medical care for catastrophic illnesses – between RM510-RM1,000

December 2006 – saving RM224 billion
Average : retiree receive RM475 p/month - survive until age of 75 years old : Living in poverty

PLI –

Peninsular M'sia : RM530 p/mth
Sarawak : RM585 p/mth
Sabah RM685 p/mth

SURVEY

**PRUDENTIAL ASSURANCE
MALAYSIA BHD**

1,038 respondents area of Klang Valley, Penang, Ipoh, Johor Bharu, Kuching and Kota Kinabalu

35% respondents confident EPF and personal saving are sufficient to support their life when they retired.

RAGAYAH

58.4% respondents covered by insurance include 23.1% Of the low-income group

SOCIAL PROTECTION SYSTEMS : ADEQUACY OF RETIREMENT BENEFITS

INADEQUACY

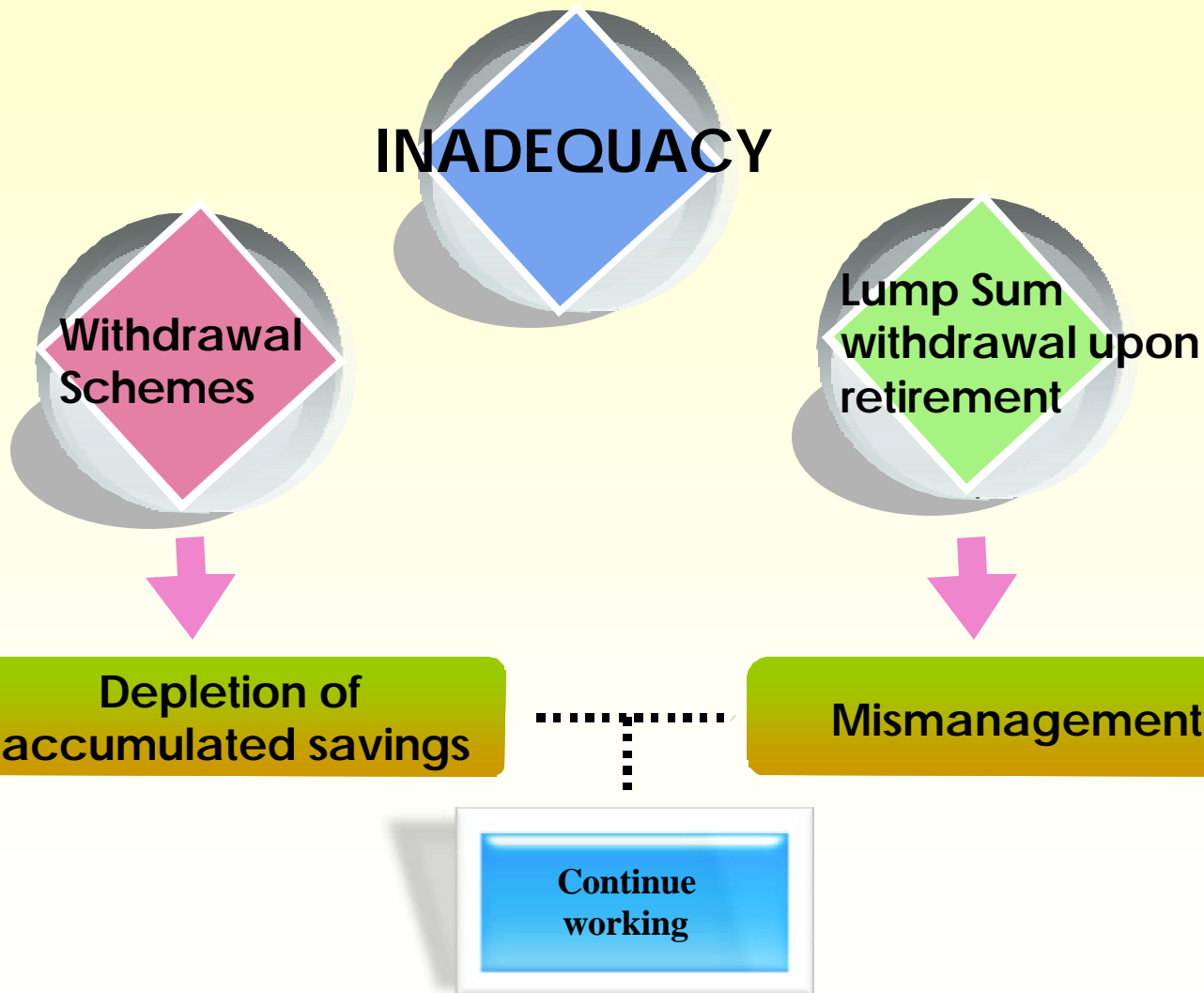
Withdrawal
Schemes

Lump Sum
withdrawal upon
retirement

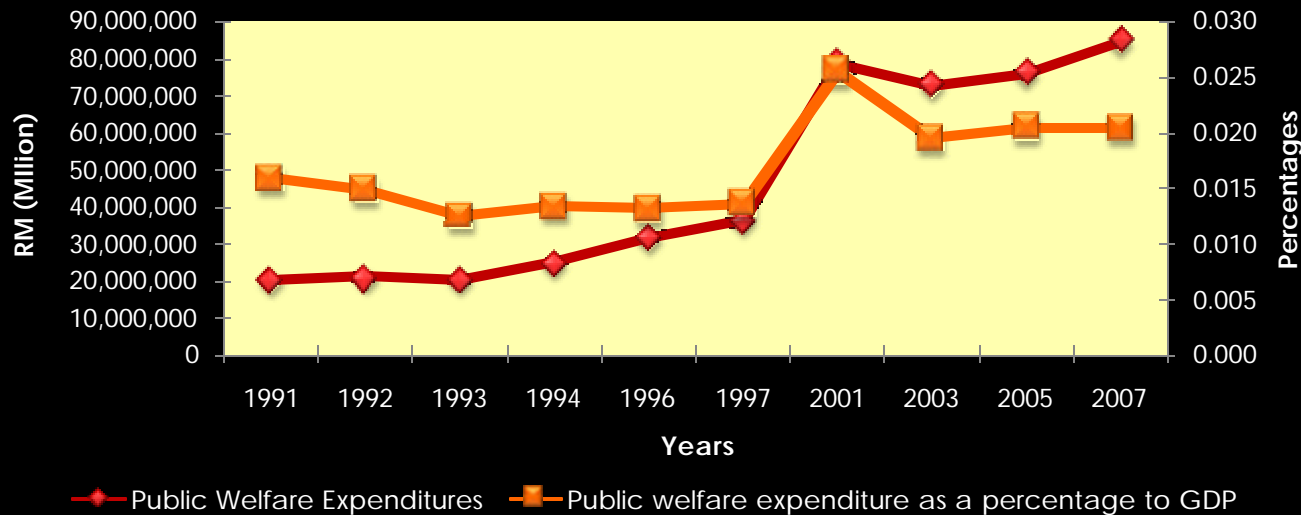
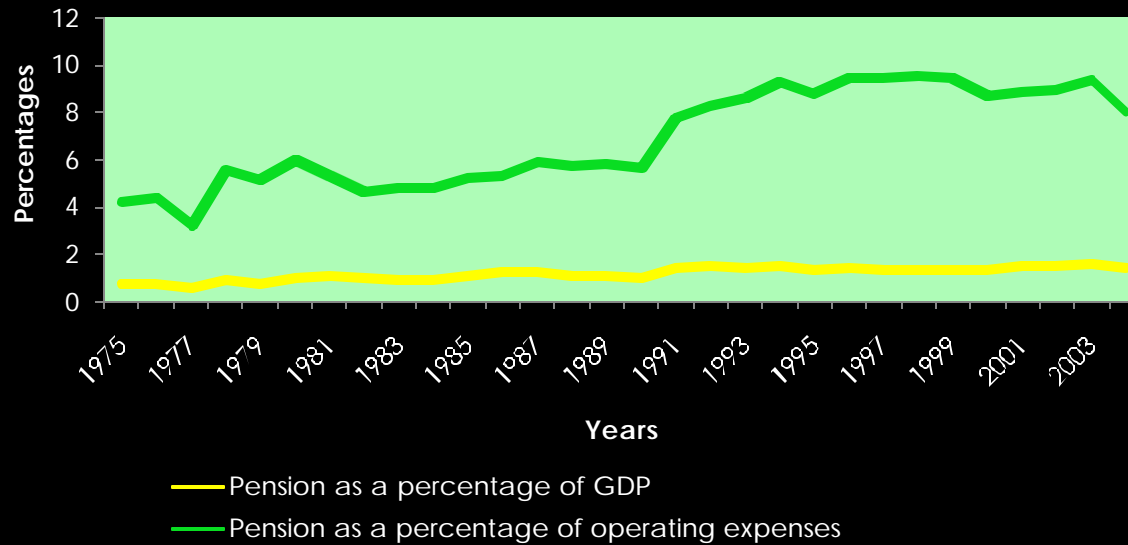
Depletion of
accumulated savings

Mismanagement

Continue
working



SOCIAL PROTECTION SYSTEMS : GOVERNMENT EXPENDITURES



REFORMS AND STRUCTURAL CHANGES

Malaysia

Encourage to contribute in EPF

Rural area – Agricultural &
Plantation Sector

Financial Support from children
or live in poverty

**Self
Employed**

**2010 Budget
23rd November 2009**

Non-fixed income earners to
contribute to EPF. For every
RM100 contributed, Government
contributes 5%

**Retirement
Age**

Malaysia

.....

Increase from age 55 to 56 to
58 and 60
Waste for the professional s&
academicians

**Indonesia, Thailand, South
Korea**

.....

Retirement age at 60

Singapore

.....

Retirement age at 67

The image is a presentation slide with a yellow background. On the left side, there is a teal semi-circle and a grey arc. The text 'THANK YOU' is written in a bold, gold, 3D-style font in the center. The slide is framed by a black border with various colored rectangular blocks in the corners: green at the top-left, grey at the top-right, blue at the bottom-left, and purple at the bottom-right.

THANK YOU