



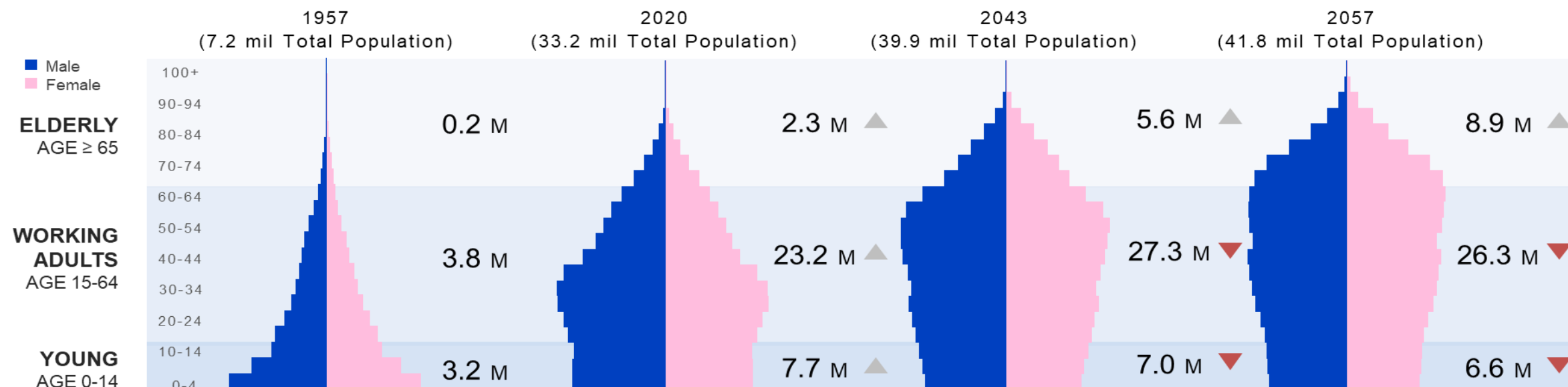
The 1st National Tripartite Consultation Meeting towards the Comprehensive and Integrated Social Protection System in Indonesia

POLICY DESIGN AND PROGRESS OF PENSION SYSTEM FOR SELF-EMPLOYED WORKERS IN MALAYSIA

7 May 2025 | BALQAIS YUSOFF

The content of this presentation is confidential and intended for the use by the EMPLOYEES PROVIDENT FUND® (EPF®) of Malaysia. It shall not be distributed, downloaded, printed, published or reproduced by any means without the consent of the EPF®.

Malaysia is fast transitioning projected into “Aged” nation by 2043; “Super Aged” by 2057



Note: Ageing and Aged Nation phenomenon in this context refer to age 65 and above cohort to be classified as elderly

**RISING
DEPENDENCY RATIO**

**SHRINKING
WORKFORCE**

**INCREASING
HEALTH SPENDING**

2022 1 elderly per 9 working age adults
2060 1 elderly per 3 working age adults

5.5%

Estimated **decline in GDP growth per capita** with every 10% increase in population aged 60+

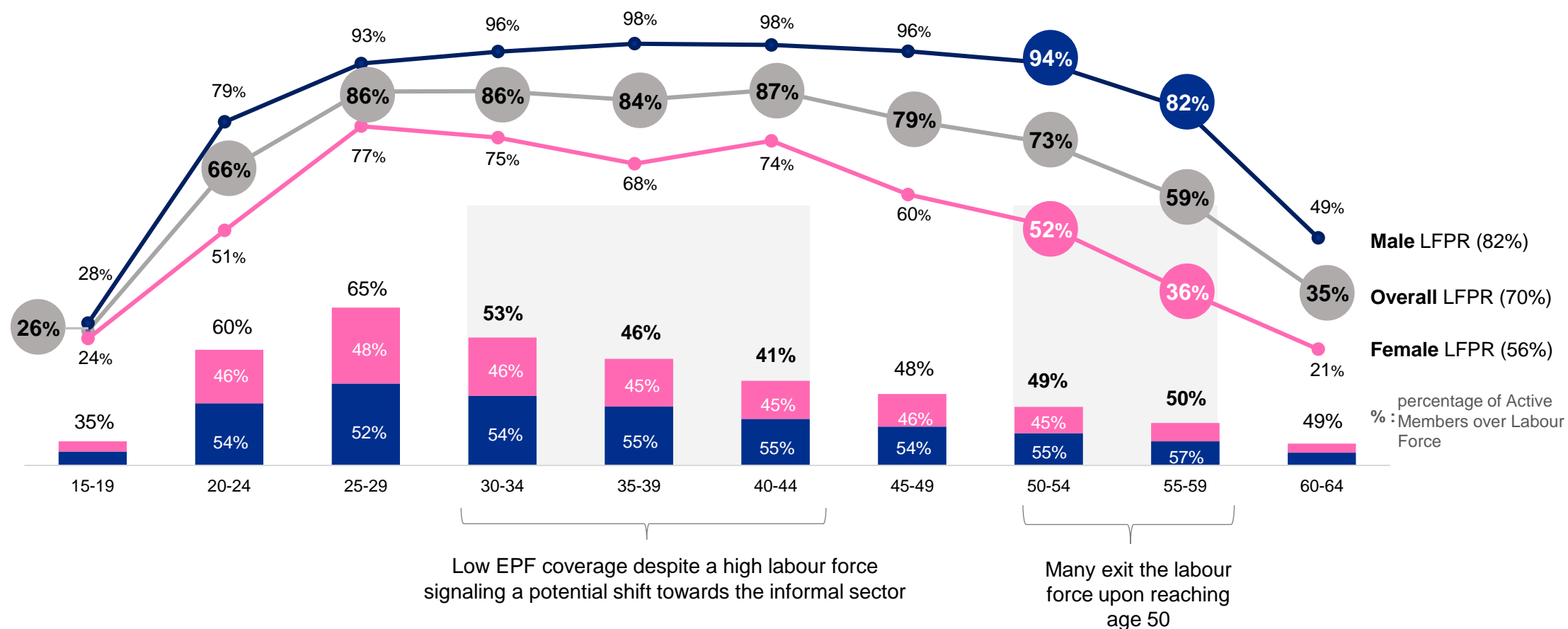
33%

of **total increment in health spending** (by 2030) attributed to **ageing-related health expenses**



Significant gaps observed between the labour force and EPF coverage signifying many are engaged in self-employed or informal work

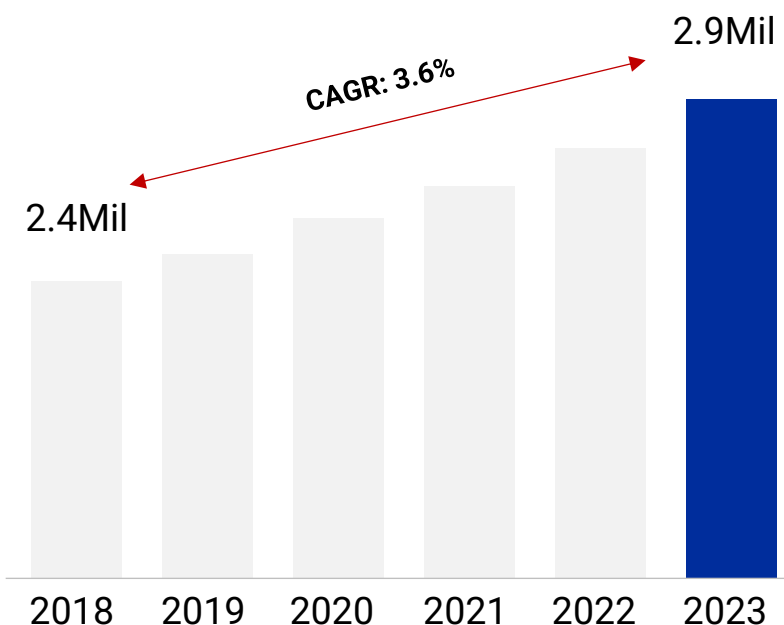
Coverage of EPF Members aged 15-64 in Labour Force
2023



Overview of the self-employed landscape in Malaysia

Steady growth highlighting the increasing shift towards self-employment

Self-employed in Malaysia from 2018 - 2023



5%

estimated annual growth

15% y-o-y growth in platform-based self-employment

10%

contribution to Malaysia's economy generated by micro-enterprises, which are largely driven by the self-employed sector

25%

of self-employed **use digital platforms**

- 48% e-Commerce and online retails
- 29% e-hailing and p-hailing drivers
- 18% Freelance and digital services
- 5% Content creation and influencers



Self-employed are exposed to financial vulnerabilities

LOW INCOME

75%

earns monthly income of **RM4,000 and below** (≤RM2,000: 40%)

Median monthly income: RM2,100

LOW BUSINESS SURVIVAL

1 in 2

businesses will not survive **beyond five years**

But, 55% are the main income earners for their families

LOW EMERGENCY SAVINGS

55%

do not have sufficient savings to cover three months of expenses

Due to inconsistent income and highly dependent of seasonal work

POOR HEALTH

60%

do not have adequate insurance coverage

25% reporting significant out-of-pocket expenses for healthcare

LOW ACCESS TO FORMAL CREDIT

1 in 3

carry high levels of personal debt (credit card and informal loans)

Due to the lack of access to formal credit facilities

Approximately 15% to 20% of self-employed households are living below the poverty line, particularly in informal sectors like agriculture and small-scale retail



Diagnosis of the pension and retirement system in Malaysia reveals significant gaps across all tiers



The **post-retirement income support system in Malaysia lacks pillar 1**, a crucial component present in most other countries



Only a small proportion of the self-employed individuals contributing voluntarily to the EPF

The existing framework allows self-employed individuals to make **voluntary contributions to the EPF** - with those aged 60 and below **eligible for a government incentive** of up to **RM500** under the **i-Saraan programme**

795k

Voluntary Contributors in 2024

13% of the uncovered segment of the labour force (6.1 million)



529k

i-Saraan incentive recipients in 2024

Total Contribution: **RM 2.64 bil**



Informal workers have shown preference to save in EPF for their retirement security

~70%

of the informal sector agrees to contribute through **auto-deduction at source** for retirement

91%

would prefer contribution rates that **differ from workers in formal employment**

45%

cited **low and uncertain income** is one of the main reasons that hinders savings for retirement

Source: UNCDF (2020)

The changing world of work calls for a **different approach in ensuring informal workers, including the self-employed are protected from vulnerabilities**



Strategic response to the challenges faced by the self-employed



1

COVERAGE EXTENSION

to informal workers,
including the self-
employed

Phase 1:
**Voluntary Opt-out
Mechanism** (Auto-
enrolment and auto
deduction at source)



2

ACCOUNT RESTRUCTURING (accumulation and decumulation phases) and **BENEFITS ENHANCEMENT**



3

EDUCATION AND AWARENESS CAMPAIGNS

to promote financial
and retirement literacy
through programmes,
tools and publications



4

ADVOCACY

to **promote wellbeing
of aged workers**,
including self-
employed, such as
policies preventing
age discrimination and
protecting rights of
older persons



5

NATIONAL PENSION REFORM

to ensure
old-age income
security for all



Gradual extension of EPF mandatory coverage beyond formal workers

Legal Coverage

(At least 80% of Malaysian labour force by year 2035)

CATEGORY 1

Formal Workers

CATEGORY 2

Contract for Service
(CFS) Workers

CATEGORY 3

e-Hailing and
p-Hailing Workers

CATEGORY 4

Self-Employed

CATEGORY 5

Migrant Workers

CATEGORY 6

Civil Servants
(New Appointments)







Phased approach with lower contribution rate at the initial stage, coupled with relaxed enforcement

● Outcome

● Target Groups



The EPF is collaborating with six (6) platform providers in order to boost the retirement income security of informal workers

PLATFORM PROVIDERS	AREAS OF COOPERATION
<div data-bbox="91 408 542 496">  foodpanda </div> <div data-bbox="137 522 484 566"> <p>foodpanda Malaysia</p> </div> <div data-bbox="231 616 407 781">  </div> <div data-bbox="203 839 428 879"> <p>TROOPERS</p> </div> <div data-bbox="203 908 435 1136">  </div> <div data-bbox="91 1176 545 1218"> <p>Go Coach Global Sdn Bhd</p> </div> <div data-bbox="713 416 1126 509">  </div> <div data-bbox="690 522 1149 566"> <p>SOLVNEX Digital Sdn Bhd</p> </div> <div data-bbox="825 594 1024 808">  </div> <div data-bbox="736 839 1110 882"> <p>Bateriku (M) Sdn Bhd</p> </div> <div data-bbox="800 908 1052 1165">  </div> <div data-bbox="772 1176 1080 1220"> <p>halo food delivery</p> </div>	<ol style="list-style-type: none"> <li data-bbox="1327 434 2433 596"> <p>1 Auto-Opt in for registration of partners working under the platform provider to the EPF, including the i-Saraan programme</p> <li data-bbox="1327 668 2305 925"> <p>2 Auto-Deduction mechanism for retirement savings contribution at source, including:</p> <ul style="list-style-type: none"> • Fixed monthly contribution; or • Percentage of income earned through the platform (minimum 1%) <li data-bbox="1327 982 2420 1130"> <p>3 Cooperation in conducting financial literacy programmes with partners and dissemination of financial literacy content via the platform provider</p>



WE BUILD A BETTER RETIREMENT FUTURE FOR MALAYSIA



KWSPMalaysia



www.kwsp.gov.my

The content of this presentation is confidential and intended for the use by the EMPLOYEES PROVIDENT FUND® (EPF®) of Malaysia.
It shall not be distributed, downloaded, printed, published or reproduced by any means without the consent of the EPF®.

This information is correct as of 12 DECEMBER 2024 and not for public circulation.

© 2024 EMPLOYEES PROVIDENT FUND® (EPF®) of Malaysia.
All Rights Reserved.

Account restructuring in accumulation and decumulation phases

Accumulation Phase

AKAUN
PERSARAAN
75%

AKAUN
SEJAHTERA
15%

AKAUN
FLEKSIBEL
10%

Launched in **May 2024**

Decumulation Phase

Retirement Income

Any purpose

AKAUN
BID
(BASIC INCOME
DRAWDOWN)

AKAUN
LEBIHAN

Next Phase

