



Persatuan Sahabat Wanita Selangor

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PRESS STATEMENT

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HANDS OFF WORKERS' RETIREMENT SAVINGS

DIPPING into workers' retirement savings must never be a consideration taken to stimulate the economy via domestic spending as workers, especially those in the lower wage bracket, will suffer the consequences of insufficient savings during their golden years when there is no other income to depend on.

Persatuan Sahabat Wanita Selangor (PSWS) vehemently rejects this proposed measure which is to be part of the 2020 Economic Stimulus Package lauded by a few economists, where workers will be given the option to cut their respective minimum contribution rate to the Employees Provident Fund (EPF) by 4% in order to put more cash back into their pockets.

However, the current uncertain political climate that looms over Malaysia may affect the rolling out of the stimulus package and this is a reminder to government that resorting to such tactics that reflect poor governance should be refrained from.

PSWS is highly concerned that, although a short term measure, why should a stimulus package designed to boost the country's economy against the impacts of the Covid-19 outbreak, "steal from workers' retirement savings" to increase the disposable income of consumers.

The RM10 billion worth of private consumption this scheme could potentially release can also be raised through tax rate hikes on the highest-income tax payers and a modest wealth tax plan combined with measures to stifle tax avoidances.

Although the scheme leaves it to the personal financial judgement of a worker, the stimulus package should not make a worker choose between having a little more to spend now and suffer the consequences of having deficient savings in her retirement years.

This scheme has no long term benefit and will adversely affect women workers.



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We are especially concerned with the plight of women workers in the B40 group (bottom 40%) who are already struggling to make ends meet with their meagre minimum wages, who will definitely opt to reduce their current contributions into their retirement savings.

The early pay out of RM200 to all Bantuan Sara Hindup (BSH) recipients along with an additional RM100 a month later, may be helpful but the hike of the minimum wage to workers across the country (including East Malaysia), will negate the need for weak measures that have no long term benefit to the Malaysian economy.

Women workers in the informal sector are especially at risk of falling into employment traps that strip them of their dignity and while the stimulus package looks at the country's economy, the respective government labour departments need to step up their enforcement units to be vigilant of errant businesses that keep women workers in precarious employment.

Persatuan Sahabat Wanita Selangor (PSWS) is a non-governmental organisation that has been committed to the concerns and interest of women workers as well as to the larger issues of democracy, justice and equality in the Malaysian society, since 1984.