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PRS Youth Incentive

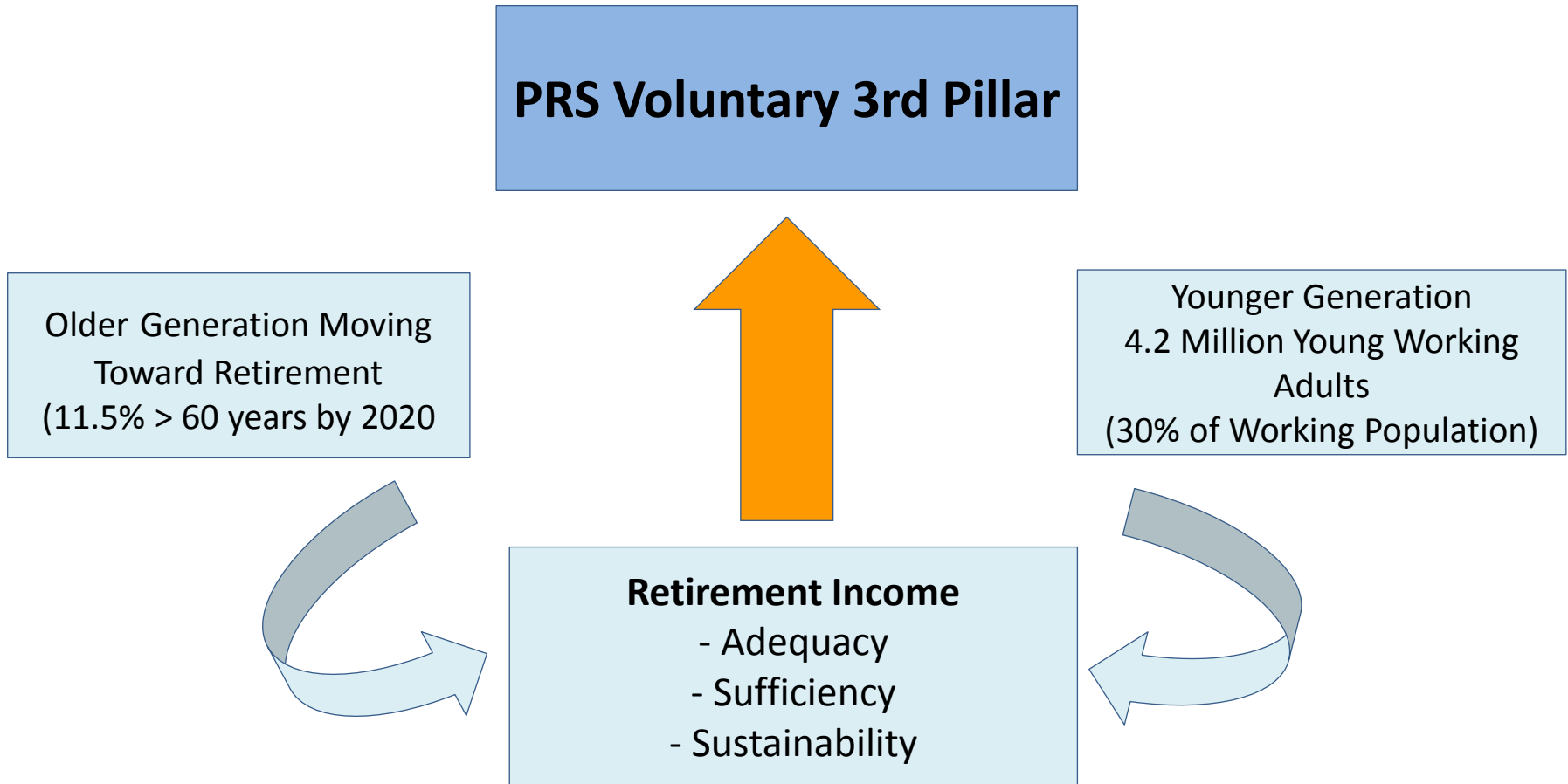
INTRODUCTION:

- Recognising the need to cultivate a retirement savings culture amongst the younger demographics whilst appreciating the financial constraints faced by this group, the Government will make a one-off contribution to provide a head start for the 4.2 million youths between the ages of 20-30
- The Government will contribute RM500 per person into the PRS accounts of youths, who have accumulated RM1,000 within a year

ELIGIBILITY:

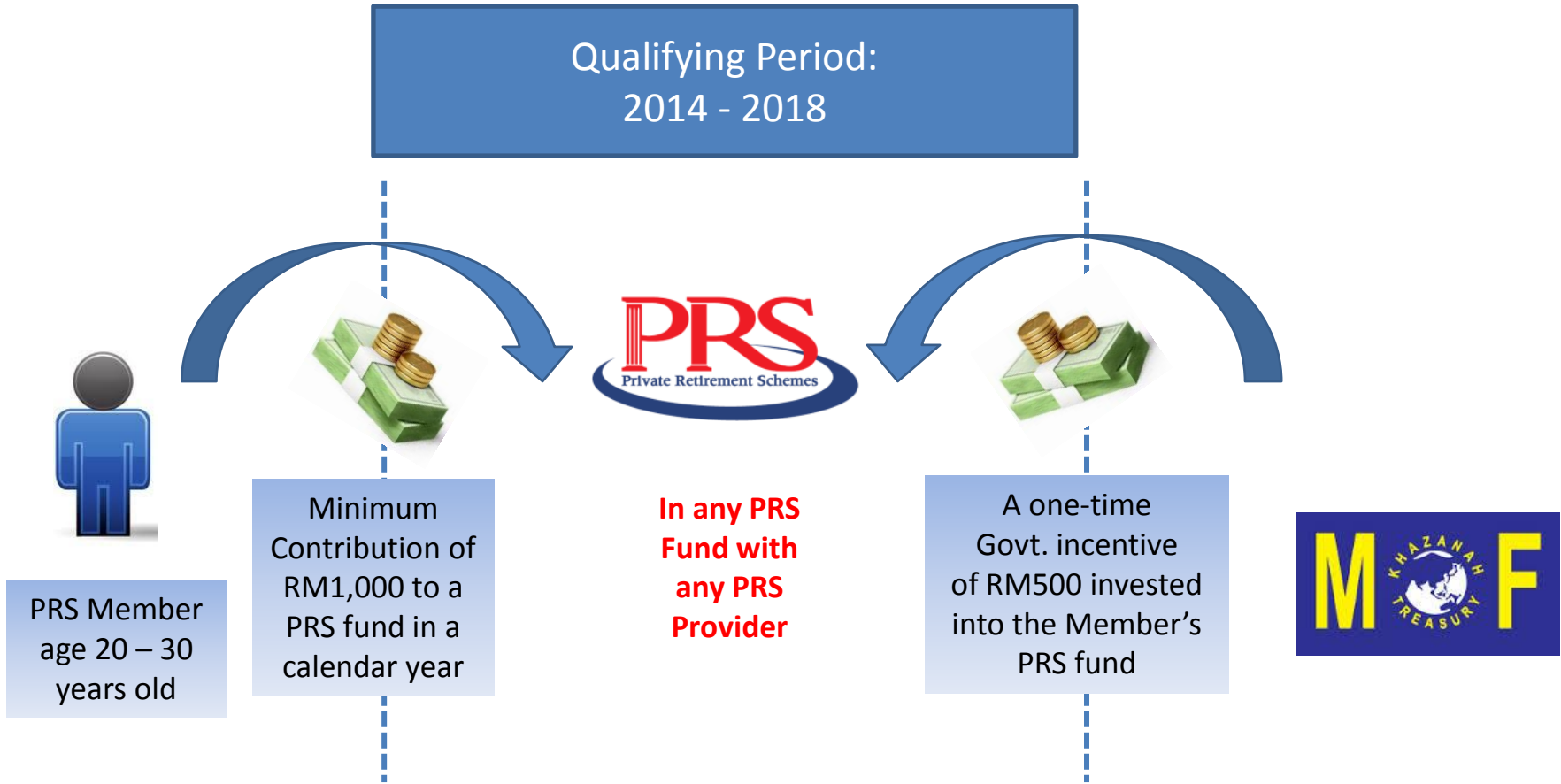
- Malaysian with existing PPA account or new member
- Individual between ages of 20 to 30 (based on birthdate)
- Minimum RM1,000 gross contribution in a single year within a calendar year
- Effective period – 2014 to 2018

Establishing the 3rd Pillar



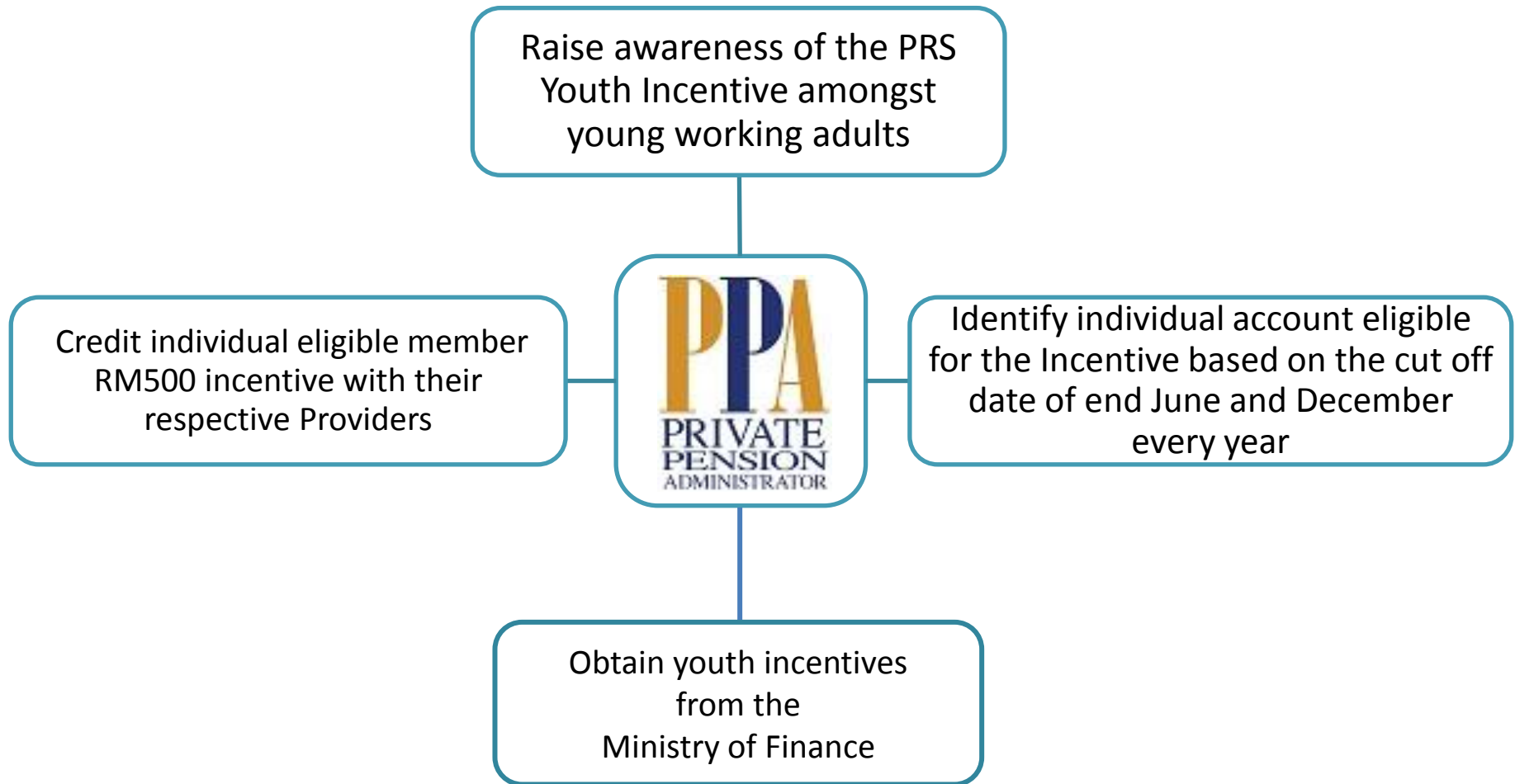
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PRS Youth Incentive (PRS YI 500)



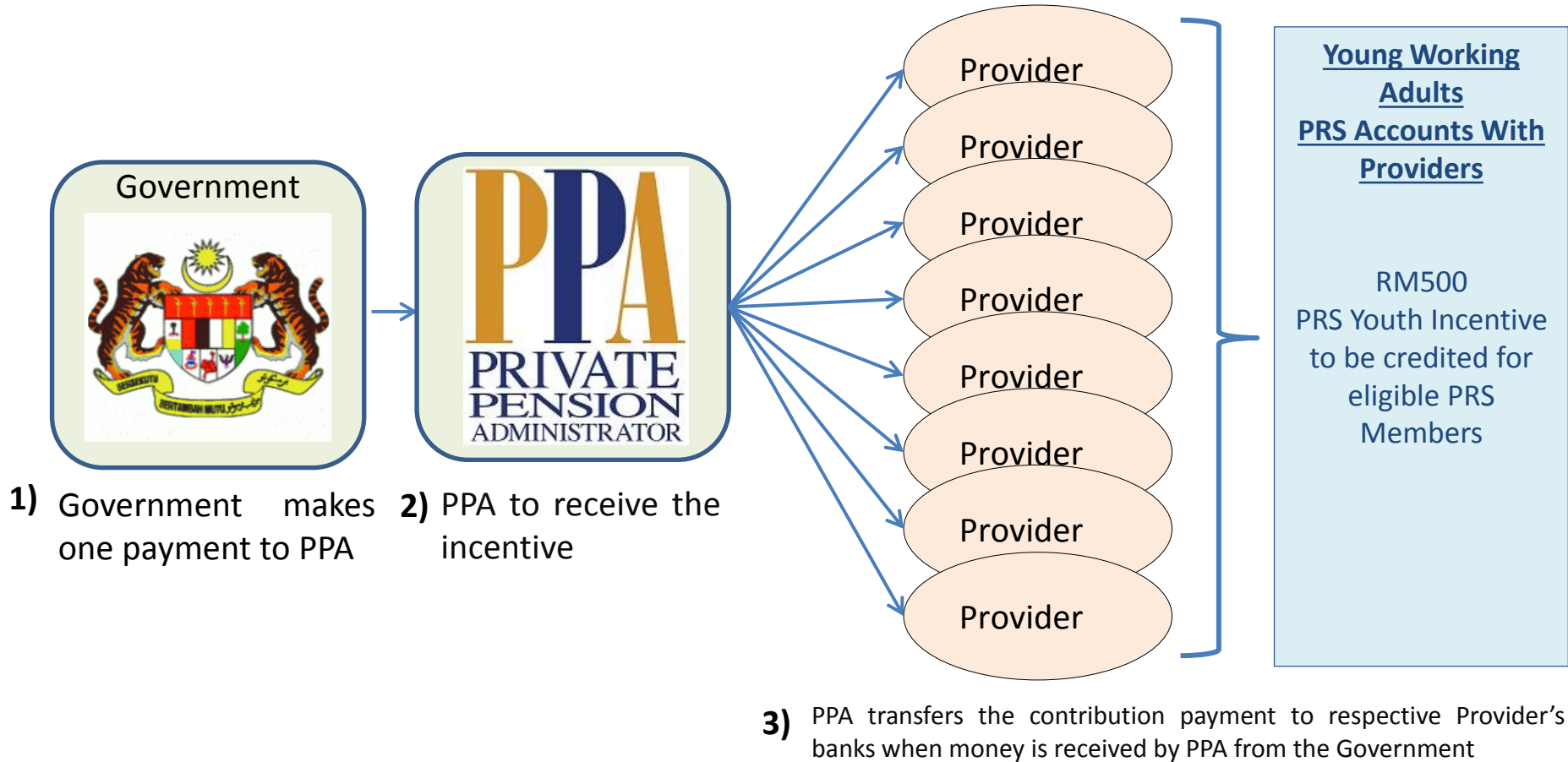
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PPA's Appointed as Administrator for PRS Youth Incentive



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PPA Administrating of PRS Youth Incentive



In giving instructions to Providers, PPA must inform Providers to create units in sub-accounts A of the respective funds

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PPA's Market Research on PRS

97%

Of public says it is important to plan for retirement

61%

Of youth perceive they won't have sufficient money for retirement

55%

Of youth have a retirement plan aside from EPF

36%

Of respondents say "Affordability" is a top consideration among 7 factors when choosing a retirement plan

"The journey to retirement starts with the first step into the working world." – DSO

Definition of Youth = 20 to 30 age group

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PRS Affordability

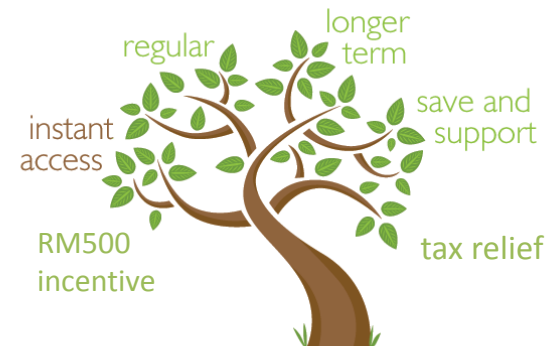
RM 1,000 Minimum Contribution
(Within a calendar year)



Approximately **RM85 / month**



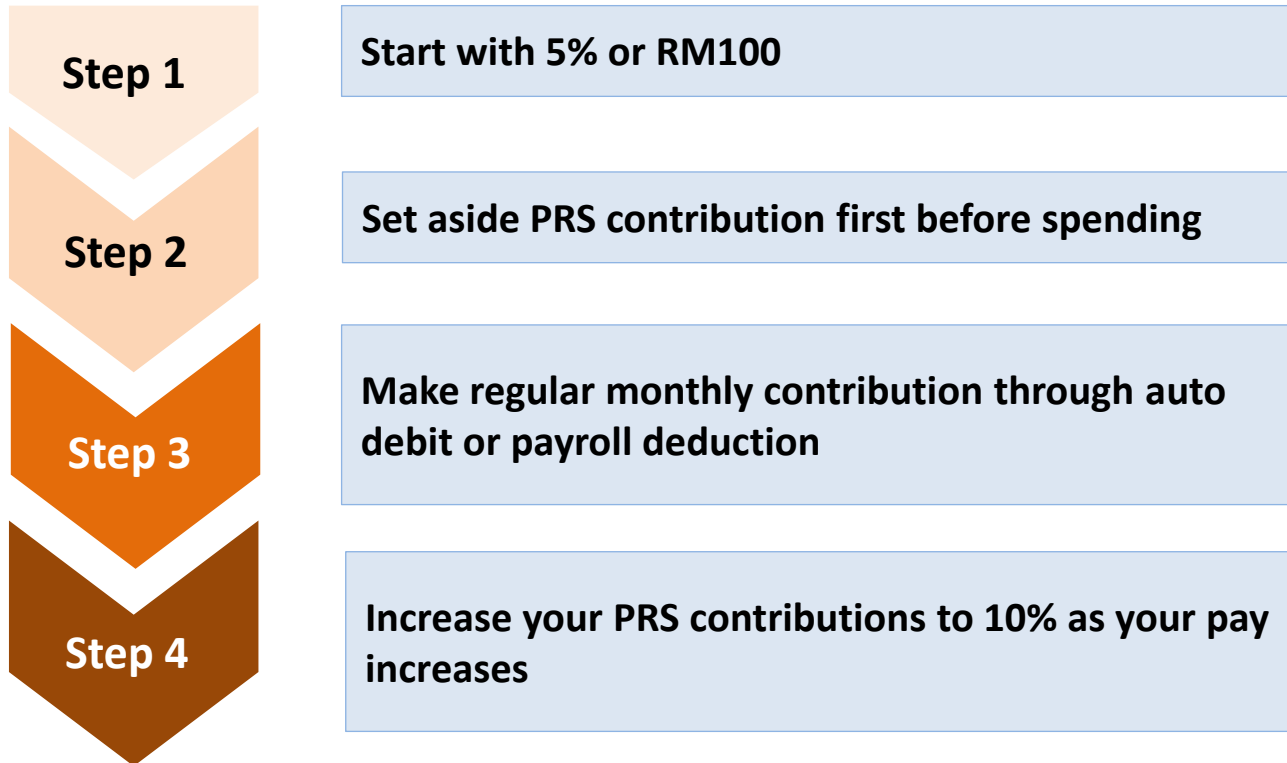
Approximately **RM3 / day**



watch your savings grow

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PRS Affordability

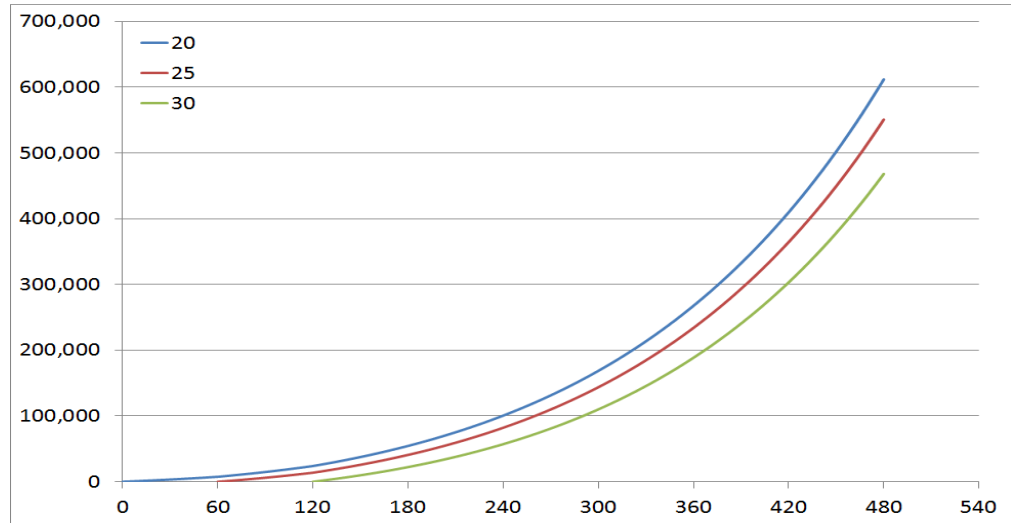


“Affordability is a Priority issue.” - DSO

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Power of Compounding

If you invest in a PRS fund that provides you an average of 6.0% p.a. compounding growth, by 60, you will have accumulated



	Monthly Contributions		
Retirement Fund at age 60	Savings Accumulated at age 60	Regular Monthly Savings Contributed	Compound Growth
Starting Age			
20 (5.0%)	736,000	279,000 (38%)	457,000 (62%)
25 (7.5%)	674,000	272,000 (40%)	402,000 (60%)
30 (10.0%)	585,000	260,000 (44%)	325,000 (56%)

Computation assumes a starting salary of RM2000, with an salary increment of 5%.

The above computation is for illustration purpose only. Please seek advice for your retirement plan

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Cost of Starting Late

Delaying saving for your retirement will end up forcing you to play catch-up later in life with higher contributions.

Retirement Fund at age 60	Savings Accumulated at age 60		Starting Age = 35	Starting Age = 40	Starting Age = 45
Starting Age					
20 (5.0%)	736,000	←	15.5%	20.0%	27.4%
25 (7.5%)	674,000	←	14.2%	18.3%	25.1%
30 (10.0%)	585,000	←	12.4%	15.9%	21.8%

PPA recommends regular monthly contributions of 5% for members below 25 years old, 7.5% for 25-30 years old, 10% for members above 30 years old

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The End

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