



**For Immediate Release**

**PPA & PRS Providers Laud Government's Move to Incentivise Youth**

*PRS youth incentive shows Government's continuous commitment in developing Malaysia's  
Third Pension Pillar*

**Kuala Lumpur, 30 October 2013** – Private Pension Administrator Malaysia (PPA) and Private Retirement Scheme (PRS) Providers warmly welcome the recent 2014 Budget proposal of a RM500 one-off incentive to the youth segment of PRS contributors. The incentive shows the Government's strong and continuous commitment towards developing the Third Pillar of Malaysia's multi-pillar pension framework and augurs well for the PRS industry. The Prime Minister launched the PRS, a major component of the Third Pillar, in July 2012 with intention to provide sufficient retirement savings for Malaysians.

The proposed incentive of RM500 is available for individuals aged between 20 and 30 years who will participate in the PRS scheme with a minimum cumulative investment of RM1,000 within a calendar year. The incentive, which will be implemented from 1 January 2014, for a period of five years, is expected to attract 420,000 youth contributors nationwide.

"This shows the Government is taking initiative in inculcating a voluntary retirement savings culture among the young given the low levels of mandatory savings," says Dato' Steve Ong, the Chief Executive Officer of PPA. The PRS is a voluntary long term retirement savings plan designed to help individuals accumulate additional contributions for retirement through private retirement savings as well as supplement their mandatory EPF savings.

Overall, PRS Providers opine that the incentive is a progressive initiative by the Government and a boon to help Malaysian youths start saving for retirement as early as possible.

"The Government's move is a commendable step towards encouraging planning for retirement savings among working Malaysians at an early stage. We strongly encourage eligible individuals to take this once-in-a-lifetime opportunity towards building a better and more secured financial future," says Munirah Khairuddin, Chief Executive Officer of CIMB-Principal Asset Management Berhad.



“I believe that young Malaysians should be taught to invest at an early age. The initiative under the Budget 2014 to promote PRS is a good start to help our younger generation to learn to invest and chart their retirement plans early and have a ‘hands-on experience’ in investing,” expresses Teng Chee Wai, Chief Executive Officer of Hwang Investment Management Berhad.

Tan Jin Teik, the Head of Private Retirement Scheme of AIA Pension and Asset Management Sdn Bhd, explains that the RM500 payout which is a one-off 1 for 2 ratio contribution is a great incentive for the youths as “retirement planning is not usually in the minds of the 20 to 30 age group, having only just joined the workforce.”

“With the array of activities and attraction competing for the youth’s disposable income, this incentive is a much needed initiative to inculcate the habit of saving,” says Anthony Siau, Acting Principal Officer of RHB Investment Management Sdn Bhd.

Meanwhile, Manulife Asset Management Services Berhad’s Chief Executive Officer, Edward Ooi, shares that from its organisation’s proprietary survey – The Manulife Investor Sentiment Index – only 9% of Generation Y cite retirement as a financial priority whilst a substantial 48% cite fear of wrong decision making as reason for not investing now. “The PRS as a government-sanctioned investment alternative for the Gen Y helps this age group harness the most valuable aspect of retirement planning – time,” says Ooi.

Ooi’s view also resonates with K & N Kenanga Holding Bhd’s Group Managing Director, Chay Wai Leong.

“The 20 to 30 year olds who qualify for this subsidy would have more than 30 to 40 years to benefit from the compounding growth derived. They can contribute more as their earning capacity grows and with time, they will be able to generate a retirement asset equivalent to 66% income replacement ratio as recommended by the Organisation for Economic Cooperation and Development (OECD),” explains Chay.

In addition to the PRS youth incentive, contributors from the 20 to 30 age group as well as those above 30 years old also stand to benefit from the existing personal tax relief of up to RM3,000 for PRS contributions that is made available to the public from 2012 onwards, for a period of ten years.



The Government contribution is not a unilateral grant but a one-off co-contribution, with a 2-1 ratio where RM500 contribution is only paid if the youth has saved RM1,000 within a calendar year.

“Youths who set aside at least RM1,000 within a calendar year in PRS will effectively and automatically gain a return of 50% for their contribution on top of the potential return earned from PRS fund growth performance,” adds Dato’ Steve Ong.

“Instead of lump sum contribution, PPA’s advice to young Malaysians is to opt for regular monthly contribution from their bank savings account which is less of a burden to them. In order to be eligible for the RM500 incentive from the Government, the RM1,000 contribution to PRS a year works out to be just about RM80 a month, which is very affordable. I would also like to highlight that there are PRS Providers that are accepting and facilitating regular monthly contributions from as low as RM50,” shares Dato’ Steve further.

PPA, which is the appointed party to administer the RM500 incentive for the PRS youth scheme, says it is awaiting formal instructions from authorities on how to administrate the pay-out mechanism.

For more information visit the PPA website: [www.ppa.my](http://www.ppa.my) or email [askPPA@ppa.my](mailto:askPPA@ppa.my) or call the hotline at 1300 131 PPA (772).

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