



For Immediate Release

BUDGET 2014, EMPOWERING YOUTH THROUGH PRS

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

Kuala Lumpur, 26 October 2013 – Private Pension Administrator Malaysia (PPA) the nation's central administrator for voluntary Private Retirement Schemes (PRS), says the recent 2014 Budget proposal of a RM500 one-off incentive to the youth segment of PRS contributors shows the Government's strong and continuous commitment towards developing the Third Pillar of Malaysia's multi-pillar pension framework. 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 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.

"The PPA has fervently stressed that it would be most beneficial for the youth to start saving for retirement as early as possible due to the effects of compounding for a good 30 to 40 years. As such, we think this proposed incentive for youth is progressive and a boon indeed for young Malaysians who are looking to "kick-start" their retirement planning with PRS at a young age," Dato' Steve expresses.



In addition to the PRS youth incentive, contributors from the 20 to 30 age group as well as those above 30 years old stand to also 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.

“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.

The eight PRS Providers approved by the Securities Commission Malaysia to offer PRS are AIA Pension and Asset Management Sdn Bhd, AmInvestment Management Sdn Bhd, CIMB-Principal Asset Management Bhd, Hwang Investment Management Bhd, Kenanga Investors Bhd, Manulife Asset Management Services Bhd, Public Mutual Bhd and RHB Investment Management Sdn Bhd.

PPA, which is the appointed party to administer the RM500 incentive for the PRS youth scheme, says it is evident that there are two target segments for PRS now – the youth segment (20 to 30 years) and the above 30 year-old segment.

As such, the PPA will be designing advertising and promotion (A&P) campaign and education programmes in the coming months specifically to focus on and reach out to PRS contributors from the below 30 years segment. For PRS contributors above 30 years old, PPA will continue with its existing PRS A&P campaign in which Dato’ Steve says has so far been successful in raising awareness for PRS and contributed towards a healthy uptick in PRS enrolment numbers even though the campaign was launched just two months ago.



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

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About Private Pension Administrator Malaysia (PPA)

Private Pension Administrator Malaysia or PPA is the central administrator for the PRS industry. PPA is a body approved by the Securities Commission Malaysia and is established to administer, oversee, and promote the growth and operation of the PRS industry.

PPA's task is to facilitate and maintain all PRS-related transactions via a life-time PPA account for PRS members. PPA is also responsible for the promotion and general awareness on PRS and serves as a one-stop resource centre for the PRS industry and PRS members in Malaysia. The PPA plays a significant role in enabling infrastructure for supplementary retirement savings. It promotes an efficient administration to help account holders conveniently monitor their PRS funds.

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