

For immediate release

Budget 2020 – Zero Tax Penalty for Housing and Healthcare Withdrawals from PRS

PETALING JAYA (17 October): Private Pension Administrator Malaysia (PPA), the central administrator for the voluntary Private Retirement Schemes (PRS) welcomes the recent Budget 2020 proposal that will allow PRS members to make pre-retirement withdrawals for purposes of healthcare and housing without any tax penalty.

“PPA is grateful to the Government for the introduction of 0% tax penalty for pre-retirement withdrawals of PRS from sub-account B, which holds 30% of the savings for purposes of healthcare and housing. This move reflects the Government’s understanding and commitment to help all Malaysians use a portion of their retirement savings for their needs. With this proposal, which shall take effect from next year, we are positive that more Malaysians will come forward to save more for their retirements through PRS,” said Husaini Hussin, Chief Executive Officer of PPA.

“In recognition by the Government of rising healthcare cost, withdrawal for immediate family members is also allowed” added Husaini.

The PRS introduced in 2012 is a voluntary savings scheme designed for Malaysians to save more for retirement. “All Malaysians who are 18 years old and above can save in PRS starting from as low as RM100. We encourage Malaysian youths and those employed in the private and public sectors as well as self-employed individuals to save in PRS for their retirement. As an added incentive, individual contributions to PRS are eligible for a tax relief of up to RM3000 per annum”, Husaini said.

He further added that employers can also make contributions to their employees’ PRS savings to enhance financial wellbeing of their employees. Employers are allowed to claim tax deduction from the business income based on the PRS contributions made on behalf of their employees, up to 19% of the employees’ remuneration (inclusive of the statutory rate).

Members upon reaching retirement age of 55 years or who suffer from permanent total disablement, serious disease or mental disability can withdraw the full sum of their PRS savings without any tax penalty.

For any information or further assistance on PRS pre-retirement withdrawals, please visit www.ppa.my or call 1300-131-772 (PPA).

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About PPA

Private Pension Administrator Malaysia (PPA) is the central administrator for the Private Retirement Schemes (PRS). PPA is a body approved by the Securities Commission Malaysia and is established to administer and promote the growth of the PRS industry.

A significant role of PPA is to manage a life-time central account for PRS Members. PPA continually advocates the importance of retirement savings through PRS by being a one-stop resource centre for the public on retirement learning and PRS in Malaysia. These include the implementation of value-added initiatives such as driving greater awareness through marketing programmes and collaboration with stakeholders covering universities, media and government agencies to synergistically elevate and encourage Malaysians to save more for the future with PRS. The PRS Online services developed by PPA further allows the public and PRS Members to enrol and top-up their PRS contributions from the computer and smart devices in an easy, convenient and secure way.

About PRS

The Private Retirement Schemes (PRS) is a voluntary long-term savings and investment scheme designed to help Malaysians save more for their retirement. PRS seeks to enhance choices available for all Malaysians whether employed or self-employed to supplement their retirement savings under a well-structured and regulated environment. There are eight PRS Providers offering a choice of 55 retirement funds, from which individuals may choose to invest in based on their own retirement needs, goals and risk appetite. The fund options under PRS are intended to enhance long-term returns for members within a regulated framework. Malaysians have the option of saving in PRS through multiple channels such as PRS Online, the PRS Providers and over 22,000 PRS Consultants.

PRIVATE PENSION ADMINITRATOR MALAYSIA

Media contact:

Serena Lim, Head of Marketing & Communication | email: serena.lim@ppa.my or
Ernest Chua, Asst. Manager, Contents and Communication | email: ernteck.chua@ppa.my

Telephone: 03-7732 1520
