

Malaysia

Exchange rate: US\$1.00 = 3.06 ringgits.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1951 (provident fund).

Current laws: 1969 (social security) and 1991 (provident fund).

Type of program: Provident fund and social insurance system.

Note: Employees Provident Fund provides two types of accounts that finance old-age, survivors, and disability benefits. A portion of the Account 1 balance may be used to invest with an external manager. A portion of the Account 2 balance may be used for education, designated critical illnesses, or to purchase a house.

Coverage

Provident fund: Private-sector employees and certain public-sector employees not covered by the separate public-sector system.

Voluntary coverage for household workers, self-employed persons, and foreign workers.

Special systems for public-sector employees and military personnel.

Social insurance: Employees earning up to 3,000 ringgits a month. Previously enrolled employees earning more than 3,000 ringgits must continue to contribute.

Voluntary coverage for employees earning more than 3,000 ringgits a month when first employed, on agreement between the employer and the employee.

Exclusions: Household workers, self-employed persons, and foreign workers.

Special systems for public-sector employees and military personnel.

Source of Funds

Insured person

Provident fund: 11% of monthly earnings for members younger than age 55; 5.5% of monthly earnings for members aged 55 to 75. (70% and 30% of monthly contributions are placed in Accounts 1 and 2, respectively.) Insured persons and their spouses and children can make additional contributions.

The minimum monthly earnings used to calculate contributions are 10 ringgits.

There are no maximum earnings used to calculate contributions.

Social insurance: 0.5% of monthly earnings, according to 34 wage classes.

There are no minimum monthly earnings used to calculate contributions.

The maximum monthly earnings used to calculate contributions are 3,000 ringgits.

Self-employed person

Provident fund: 50 to 5,000 ringgits a month.

Social insurance: Not applicable.

Employer

Provident fund: 13% of monthly earnings for members younger than age 55 earning up to 5,000 ringgits, 12% if earning 5,001 ringgits or more; 6.5% of monthly earnings for members aged 55 to 75 earning up to 5,000 ringgits; 6% if earning 5,001 ringgits or more. (70% and 30% of monthly contributions are allocated to Accounts 1 and 2, respectively.)

Employers can make additional contributions.

Social insurance: 0.5% of monthly payroll, according to 34 wage classes.

There are no minimum monthly earnings used to calculate contributions.

The maximum monthly earnings used to calculate contributions are 3,000 ringgits.

Government

Provident fund: For self-employed persons only, 5% of contributions up to 60 ringgits a year.

Social insurance: None.

Qualifying Conditions

Provident fund

Old-age benefit: Withdrawals can be made under specified conditions:

Account 1: All funds can be withdrawn at age 55.

Drawdown payment: A portion of the funds can be drawn down before age 55 for investment in unit trusts through external fund management institutions approved by the Ministry of Finance. Members must have least 5,000 ringgits more than the required basic savings level based on their age.

The basic savings level ranges from 1,000 ringgits (a member at age 18) to 20,000 ringgits (a member at age 55).

Account 2: All funds can be withdrawn at age 55.

Leaving the country withdrawal: Paid at any age if the member permanently emigrates from Malaysia or is a foreign worker who returns home after the job contract expires.

Purchase of house withdrawal: Funds may be used for the one-time purchase of a house.

Health withdrawal: See Sickness and Maternity.

Education withdrawal: Members may use these funds to help pay for their children's higher education in an undergraduate or graduate degree program at an approved university.

Age 50 withdrawal: A one-time withdrawal at age 50.

The fund member is not required to retire at age 55 and may withdraw the funds and continue working up to age 75. Members who are still working and do not withdraw their funds at age 55 must continue to make contributions to the EPF. Those fund members who withdraw all of their funds (Accounts 1 and 2) at age 55 can choose to rejoin and contribute to the Employees Provident Fund if still employed or working in a new job.

Incapacitation benefit: Must be assessed by a medical doctor as mentally or physically unable to work. Fund members may be referred to an Employees Provident Fund panel clinic to confirm the disability assessed by the medical doctor.

Additional benefit: Paid up to age 55.

Survivor benefit: Paid to the named beneficiary (non-Muslims) or administrator (Muslims). In the absence of a named beneficiary, the benefit is paid (in order of priority) to the spouse, children, parents, and siblings.

Additional benefit: The cost of the funeral is paid to the dependent spouse (if married) or parents (if single) when a fund member dies (up to age 55).

All provident fund benefits are payable abroad.

Social insurance

Disability pension: Must be younger than age 55, with at least a 66.7% loss of earning capacity, have at least 24 months of contributions in the last 40 months; or have contributions in at least 66.7% of the months since first becoming insured, with a total of at least 24 months of contributions.

Reduced disability pension: A reduced pension is paid if contributions were paid for at least 33.3% of the months since first becoming insured, with a total of at least 24 months of contributions.

A medical board appointed by the Social Security Organization in consultation with the Ministry of Health assesses the degree of disability.

Constant-attendance allowance: Paid if the insured requires the constant attendance of others to perform daily functions.

Invalidity grant: Paid if the insured is not eligible for a disability pension but has at least 12 months of contributions.

Survivor pension: The deceased had at least 24 months of contributions in the last 40 months prior to death; or had

contributions in at least 66.7% of the months since first becoming insured, with at least 24 months of contributions.

Reduced survivor pension: A reduced pension is paid if the deceased paid contributions for at least 33% of the months since first becoming insured, with a total of at least 24 months of contributions.

Eligible survivors include a widow(er) and unmarried children younger than age 21 (or until the completion of an undergraduate degree, no limit if disabled).

The spouse's pension ceases on remarriage.

Other eligible survivors: Paid to the parents (grandparents if the parents are deceased) and to unmarried dependent brothers and sisters younger than age 21.

Funeral grant: Paid to the insured's dependents, next of kin, or the individual who paid for the funeral.

Old-Age Benefits

Provident fund

Accounts 1 and 2: Members can withdraw total or partial savings through a lump-sum withdrawal (employee and employer contributions plus compound interest minus drawdown payments); a monthly pension of at least 250 ringgits for at least one year; a withdrawal at any time of at least 2,000 ringgits a month; or a combination of the last two options.

The minimum amount that can be invested is 1,000 ringgits; the maximum is 20% of the amount above the required basic savings level.

The basic savings level ranges from 1,000 ringgits (a member at age 18) to 20,000 ringgits (a member at age 55).

The guaranteed minimum interest rate is 2.5% a year. If funds remain in the accounts after age 55, members continue to earn compound interest until age 75.

Leaving the country withdrawal: A lump sum of total employee and employer contributions (Accounts 1 and 2) plus compound interest minus drawdown payments is paid.

Purchase of house withdrawal: The difference between the mortgage loan plus house price plus 10% of the house price and the balance in Account 2, whichever is lower, is paid.

Health withdrawal: See Sickness and Maternity.

Education withdrawal: Education fees or the balance in Account 2, whichever is lower, is paid to the university or the member.

Age 50 withdrawal: A lump sum of employee and employer contributions (Account 2) plus compound interest minus drawdown payments is paid.

Permanent Disability Benefits

Incapacitation benefit (provident fund): A lump sum of total employee and employer contributions (Accounts 1 and

2) plus compound interest minus drawdown payments is paid.

The guaranteed minimum interest rate is 2.5% a year.

Additional benefit (provident fund): A lump sum of 5,000 ringgits is paid.

Disability pension (social insurance): 50% to 65% of the insured's average monthly earnings in the 24 months before the disability began is paid, depending on the number of contributions.

The maximum pension is 65% of the insured's average monthly earnings in the 24 months before the disability began.

The maximum monthly earnings used to calculate benefits are 2,950 ringgits.

Reduced disability pension: 50% of the insured's average monthly earnings in the 24 months before the disability began is paid.

The minimum monthly pension is 475 ringgits.

Constant-attendance allowance: 40% of the insured's pension (up to 500 ringgits a month) is paid.

Invalidity grant (social insurance): A lump sum of total employer and employee contributions plus interest is paid.

Benefit adjustment: Social insurance benefits are adjusted according to changes in the cost of living and the social insurance system's finances.

Survivor Benefits

Survivor benefit (provident fund): A lump sum of total employee and employer contributions (Accounts 1 and 2) plus compound interest minus drawdown payments is paid.

The guaranteed minimum interest rate is 2.5% a year.

Additional benefit (provident fund): A lump sum of 2,500 ringgits is paid.

Survivor pension (social insurance): If the deceased was a disability pensioner, 100% of the disability pension is paid; if the deceased was employed at the time of death, 50% to 65% of the insured's average monthly earnings in the 24 months before death is paid, depending on the number of contributions.

The survivor pension is split as follows: 60% of the benefit is paid to the eligible widow(er) and 40% to eligible children.

If there are no other eligible survivors, 40% of the benefit is paid to parents or grandparents and 30% to eligible siblings up to age 21.

Reduced survivor pension: 50% of the deceased's average monthly earnings in the 24 months before death is paid.

The minimum monthly survivor pension is 475 ringgits.

Funeral grant (social insurance): Up to 1,500 ringgits is paid.

Benefit adjustment: Social insurance benefits are adjusted according to changes in the cost of living and the social insurance system's finances.

Administrative Organization

Provident fund: Ministry of Finance (<http://www.treasury.gov.my>) provides general supervision.

Employees Provident Fund (<http://www.kwsp.gov.my>), managed by a tripartite governing board, administers contributions and benefits and is responsible for investing members' funds.

Social insurance: Ministry of Human Resources (<http://www.mohr.gov.my>) provides general supervision.

Social Security Organization (SOCSO) (<http://www.perkeso.gov.my>), managed by a tripartite governing board, administers contributions and benefits.

Sickness and Maternity

Regulatory Framework

First laws: 1951 (provident fund) and 1955 (public health).

Current law: 1991 (provident fund).

Type of program: Provident fund system (medical benefits only).

Note: Public health care services funded by general revenues and cost sharing are provided by the Ministry of Health.

Under the Employment Act of 2012, which amended the Employment Act of 1995, employers are required to provide 60 days of paid maternity leave to all female employees.

Coverage

Cash sickness and maternity benefits: No benefits are provided.

Medical benefits: Private-sector employees and certain public-sector employees not covered by the separate public-sector system.

Voluntary coverage for household workers, self-employed persons, foreign workers, and pensionable public-sector employees.

Special system for public-sector employees and military personnel.

Source of Funds

Insured person: See source of funds (provident fund) under Old Age, Disability, and Survivors.

Self-employed person: See source of funds (provident fund) under Old Age, Disability, and Survivors.

Employer: See source of funds (provident fund) under Old Age, Disability, and Survivors.

Government: See source of funds (provident fund) under Old Age, Disability, and Survivors.

Qualifying Conditions

Cash sickness and maternity benefits: No cash benefits are provided.

Medical benefits: Provident fund members.

Sickness and Maternity Benefits

Sickness benefit: No benefits are provided

Maternity benefit: No benefits are provided.

Workers' Medical Benefits

Fund members can withdraw savings from Account 2 to pay for medical treatment for a critical illness, if the employer does not provide full coverage for such treatment. The Employees Provident Fund Board provides a list of 55 designated critical illnesses.

Dependents' Medical Benefits

Medical benefits for dependents are the same as those for the insured.

Administrative Organization

Ministry of Health (<http://www.moh.gov.my>) provides general supervision for the program.

Employees Provident Fund (<http://www.kwsp.gov.my>), managed by a tripartite governing board, administers contributions and benefits and is responsible for investing members' funds.

Work Injury

Regulatory Framework

First law: 1929.

Current law: 1969 (social security).

Type of program: Social insurance system.

Coverage

Employees earning up to 3,000 ringgits a month. Previously enrolled employees earning more than 3,000 ringgits must continue to contribute.

Voluntary coverage for employees earning more than 3,000 ringgits a month, on agreement between the employer and the employee.

Exclusions: Household workers, military personnel, spouses of business owners, and self-employed persons.

Special systems for public-sector employees, foreign workers, and military personnel.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

Employer: 1.25% of monthly payroll, according to 34 wage classes.

There are no minimum monthly earnings used to calculate contributions.

The maximum monthly earnings used to calculate contributions are 3,000 ringgits.

Government: None.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

80% of the insured's average daily wage in the six months before the disability began is paid. The insured must be certified by a medical doctor to be unfit for work for at least four days. The benefit is paid for the period the employee is on medical leave.

The minimum daily benefit is 10 ringgits.

The maximum daily benefit is 78.70 ringgits.

Permanent Disability Benefits

Permanent disability pension: For a total (100%) disability, 90% of the insured's average daily wage in the six months before the disability began is paid.

The minimum daily benefit is 10 ringgits.

The maximum daily benefit is 88.50 ringgits.

Constant-attendance allowance (total permanent disability): 40% of the insured's pension (up to 500 ringgits a month) is paid if the insured requires the constant attendance of others to perform daily functions.

Partial disability: A percentage of the full pension is paid according to the assessed degree of disability.

The minimum daily benefit for a permanent partial disability is 10 ringgits.

If the disability is assessed as less than 20%, the insured can request the benefit as a lump sum. If the disability is at least 20%, the insured is paid monthly, and may request up to 20% of the benefit as a lump sum.

Benefit adjustment: Benefits are adjusted according to changes in the cost of living and the social insurance system's finances.

Workers' Medical Benefits

Benefits include necessary medical treatment, hospitalization, medicine, artificial limbs and other prosthetic appliances, and physical and vocational rehabilitation.

Government hospitals and physicians under contract with the Social Security Organization provide care.

Survivor Benefits

Survivor pension: 60% of the full daily benefit is paid to the widow (the widower if previously dependent on the insured) and 40% to unmarried children (60% to full orphans) younger than age 21 (until the completion of a graduate degree, no limit if disabled).

The full daily benefit is 90% of the insured's average daily wage in the six months before death.

The spouse's pension ceases on remarriage.

Other eligible survivors: 40% of the full daily benefit is paid to parents (grandparents if the parents are deceased) and 30% to unmarried dependent brothers and sisters younger than age 21.

The minimum daily survivor benefit is 10 ringgits.

The maximum daily survivor benefit is 88.50 ringgits.

Benefit adjustment: Benefits are adjusted according to changes in the cost of living and the social insurance system's finances.

Funeral grant: Up to 1,500 ringgits is paid to the person who paid for the funeral.

Benefit adjustment: Benefits are adjusted according to changes in the cost of living and the social insurance system's finances.

Administrative Organization

Ministry of Human Resources (<http://www.mohr.gov.my>) provides general supervision.

Social Security Organization (SOCSO) (<http://www.perkeso.gov.my>), managed by a tripartite governing board, administers contributions and benefits and contracts with health care providers for medical services.