

## **Malaysia**

Exchange rate: US\$1.00 = 4.04 ringgits.

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### **Old Age, Disability, and Survivors**

#### **Regulatory Framework**

**First law:** 1951 (provident fund).

**Current laws:** 1969 (social security); 1979 (noncontributory pension), implemented in 1982; 1980 (pension adjustment); 1991 (provident fund); and 2012 (minimum retirement age).

**Type of program:** Social insurance, provident fund, and social assistance system.

Note: The Employees Provident Fund (EPF) provides two types of individual accounts for members younger than age 55: Account 1 that funds retirement and Account 2 that may be accessed before retirement for education, designated critical illnesses, a home purchase, and other approved expenses. Fund members with sufficient savings may choose to invest a portion of their Account 1 balance with an external fund manager. Once an EPF member reaches age 55, Accounts 1 and 2 are consolidated into a single account (Akaun 55), and a separate account (Akaun Emas) is created for contributions after age 55.

#### **Coverage**

**Social insurance:** Private-sector employees and certain public-sector employees not covered by a separate public-sector system.

**Exclusions:** Self-employed persons, household workers, spouses of business owners, and foreign workers.

Special systems for certain public-sector employees and military personnel.

**Provident fund:** Private-sector employees, including apprentices, and certain public-sector employees not covered by a separate public-sector system.

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

Special systems for certain public-sector employees and military personnel.

**Social assistance:** Needy resident citizens of Malaysia.

#### **Source of Funds**

##### **Insured person**

**Social insurance:** 0.5% of monthly covered earnings, based on 45 wage classes.

There are no minimum monthly earnings used to calculate contributions.

The maximum monthly earnings used to calculate contributions are 4,000 ringgits.

**Provident fund:** 11% of monthly earnings for fund members younger than age 60; 5.5% (0% as of January 1, 2019) of monthly earnings for fund members aged 60 to 75. (If younger than age 55, 70% and 30% of monthly contributions are allocated to Accounts 1 and 2, respectively. If aged 55 or older, 100% of monthly contributions are allocated to the Akaun Emas account.) The voluntarily insured choose their level of contributions.

Additional voluntary contributions to Account 1 are possible.

The minimum monthly earnings used to calculate contributions for persons with mandatory coverage are 10 ringgits; there are no minimum earnings used to calculate contributions for the voluntarily insured.

There are no maximum earnings used to calculate contributions for persons with mandatory coverage.

The maximum annual contribution for the voluntarily insured is 60,000 ringgits.

Up to 6,000 ringgits a year of the insured person's contributions to the EPF are tax deductible.

**Social assistance:** None.

##### **Self-employed person**

**Social insurance:** Not applicable.

**Provident fund:** Voluntary contributions.

The maximum annual contribution is 60,000 ringgits.

Contributions may be made at any frequency.

Up to 6,000 ringgits a year of the self-employed person's contributions to the EPF are tax deductible.

**Social assistance:** None.

##### **Employer**

**Social insurance:** 0.5% of monthly covered payroll, based on 45 wage classes.

There are no minimum monthly earnings used to calculate contributions.

The maximum monthly earnings used to calculate contributions are 4,000 ringgits.

**Provident fund:** 13% of monthly earnings for fund members younger than age 60 with monthly earnings up to 5,000 ringgits; 12% for fund members younger than age 60 with monthly earnings of at least 5,001 ringgits; and 6% (4% as of January 1, 2019) for fund members aged 60 to 75. (If younger than age 55, 70% and 30% of monthly contributions are allocated to Accounts 1 and 2, respectively. If aged 55 or older, 100% of monthly contributions are allocated to the Akaun Emas account.)

Additional voluntary contributions are possible.

**Social assistance:** None.

### Government

**Social insurance:** None; contributes as an employer.

**Provident fund:** Matches 15% of contributions, up to 250 ringgits a year, for self-employed persons and household workers younger than age 55 (Account 1 only).

**Social assistance:** The total cost.

### Qualifying Conditions

**Old-age benefit (provident fund):** Age 55 to withdraw all funds from Accounts 1 and 2; age 60 to withdraw funds from Akaun Emas (for fund members who continue to work past age 55).

Fund members are not required to retire at age 55 and may withdraw all or part of their funds (Accounts 1 and 2) and continue working up to age 100. Fund members who are still working and do not withdraw their funds at age 55 must continue to make contributions to the EPF (Akaun Emas account). Those fund members who withdraw all of their funds at age 55 can choose to rejoin and contribute to the EPF if still employed or working in a new job.

Other withdrawals can be made under specified conditions:

**Leaving the country withdrawal (Account 1 and 2):** Funds may be withdrawn at any age if the fund member permanently emigrates from Malaysia or is a foreign worker who returns home after a job contract expires.

**Investment withdrawal (Account 1):** Funds may be withdrawn before age 55 to make investments with approved institutions. Fund members must have at least 5,000 ringgits more than the required basic savings level based on their age.

The basic savings level ranges from 2,000 ringgits (age 18) to 240,000 ringgits (age 55).

**Housing withdrawal (Account 2):** Funds may be withdrawn to purchase or build a house or to reduce a housing loan or monthly mortgage payments, subject to certain conditions.

**Health withdrawal (Account 2):** Funds may be withdrawn to pay for the treatment of a critical illness for the fund member or his or her eligible dependents, including a spouse, children, parents, and brothers and sisters under certain conditions, if the fund member's employer does not provide full coverage for such treatment. The EPF Board provides a list of 55 designated critical illnesses.

**Education withdrawal (Account 2):** Funds may be withdrawn to pay for the education of the member or the member's children at any approved institution of higher education.

**Age 50 withdrawal (Account 2):** A one-time withdrawal from Account 2 may be made at age 50.

**Hajj withdrawal (Account 2):** Funds may be withdrawn up to age 55 to cover expenses related to a member's first Hajj pilgrimage if there are insufficient savings in the fund member's Lembaga Tabung Haji (LTH) account. (The purpose of the account is to save for a pilgrimage. LTH invests based on Islamic principles.) The fund member must provide a letter from LTH indicating "Selected" status and evidence of insufficient savings.

All provident fund benefits are payable abroad.

**Noncontributory old-age pension (social assistance, means tested):** Age 60 with no financial support from other family members.

Means test: Individual and family income and assets must not exceed certain limits.

**Disability pension (Invalidity Pension, social insurance):** Must be younger than age 60 with at least a 66.7% assessed loss of earning capacity and at least 24 months of contributions in the 40 months immediately before the claim is made; 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.

Partial pension: Must have paid contributions for at least 33.3% of the months since first becoming insured, with a total of at least 24 months of contributions.

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

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

**Disability settlement (Invalidity Grant, social insurance):** Must have an assessed loss of earning capacity of at least 66.7% and a total of at least 12 months of contributions but not meet the contribution requirement for a disability pension.

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

**Disability benefit (Incapacitation Benefit, provident fund):** Must be younger than age 60 and be assessed as mentally or physically unable to work.

Employment must cease.

Additional benefit: Paid to fund members younger than age 55 who have lost employment due to health reasons. Must have at least six consecutive months of previous employment.

A medical doctor assesses the loss of work capacity. Fund members may be referred to an EPF medical board to confirm the disability assessed by the medical doctor.

All provident fund benefits are payable abroad.

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**Survivor pension (social insurance):** The deceased had at least 24 months of contributions in the 40 months immediately before death; or had contributions in at least 66.7% of the months since first becoming insured, with a total of at least 24 months of contributions.

Partial pension: 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), unmarried children younger than age 21 (or until the completion of an undergraduate degree, no limit if disabled), parents, grandparents, and unmarried dependent brothers and sisters younger than age 21.

The widow(er)'s pension continues upon remarriage.

**Survivor benefit (provident fund):** Paid to the named beneficiary (non-Muslims) or administrator (Muslims). If there are no named beneficiaries, the benefit is paid (in order of priority) to the spouse, children, parents, and siblings.

Additional benefit: Paid to the deceased's dependents or next of kin. The fund member must have been younger than age 60 at the time of death.

All provident fund benefits are payable abroad.

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

## Old-Age Benefits

**Old-age benefit (provident fund):** The fund member can make a total or partial withdrawal through: a lump-sum payment (employee and employer contributions plus compound interest minus previous withdrawals); a monthly payment of at least 250 ringgits for at least one year, up to age 75; a payment at any time of at least 2,000 ringgits a month; a combination of the last two options; or a payment of only the annual dividend by keeping the principal in Account 1.

The guaranteed minimum interest rate is 2.5% a year. If funds remain in the accounts after age 55, fund members can continue to earn compound interest until age 100.

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

**Investment withdrawal (Account 1):** Up to 30% of the amount above the required basic savings level may be invested with an approved institution. The minimum amount that can be invested is 1,000 ringgits.

The basic savings level ranges from 2,000 ringgits (age 18) to 240,000 ringgits (age 55).

**Housing withdrawal (Account 2):** Up to the account balance is paid.

**Health withdrawal (Account 2):** Up to the total cost of medical care or the account balance, whichever is less, is paid.

**Education withdrawal (Account 2):** Up to the total education fees or the account balance, whichever is less, is paid to the fund member or institution of higher learning.

**Age 50 withdrawal (Account 2):** Up to the account balance is paid.

**Hajj withdrawal (Account 2):** The difference between the cost of Hajj and the amount in the Hajj savings account (LTH) is paid, up to 3,000 ringgits.

**Noncontributory old-age pension (social assistance, means tested):** 350 ringgits a month is paid.

## Permanent Disability Benefits

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

The maximum monthly earnings used to calculate benefits are 3,950 ringgits.

The maximum monthly disability pension is 65% of the insured's average monthly covered earnings in the 24 months before the disability began, up to 2,567.50 ringgits.

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

The minimum monthly disability pension is 475 ringgits.

Constant-attendance allowance: 500 ringgits a month is paid.

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

**Disability settlement (Invalidity Grant, social insurance):** A lump sum of total employee and employer contributions plus accrued interest is paid.

**Disability benefit (Incapacitation Benefit, provident fund):** A lump sum of total employee and employer contributions plus compound interest minus previous withdrawals is paid.

The guaranteed minimum interest rate is 2.5% a year.

Additional benefit: A lump sum of 5,000 ringgits is paid.

## Survivor Benefits

**Survivor pension (social insurance):** If the deceased received a social insurance disability pension, 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 an 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 single siblings up to age 21.

Partial 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.

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

**Survivor benefit (provident fund):** A lump sum of total employee and employer contributions plus compound interest minus previous withdrawals is paid.

The guaranteed minimum interest rate is 2.5% a year.

Additional benefit: A lump sum of 2,500 ringgits is paid.

**Funeral grant (Funeral Benefit, social insurance):** The cost of the funeral is paid, up to 2,000 ringgits.

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

## Administrative Organization

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

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

Social Security Organization (SOCSO) (<https://www.perkeso.gov.my/>), managed by a tripartite governing board, administers the social insurance program and collects contributions.

Ministry of Women, Family, and Community Development (KPWKM) (<https://www.kpwkm.gov.my/>) provides general supervision for the social assistance program.

Department of Social Welfare (JKMM) administers the social assistance program through local branches.

## Sickness and Maternity

### Regulatory Framework

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

**Current laws:** 1955 (sickness and maternity) and 1991 (provident fund).

**Type of program:** Provident fund (medical benefits only) and employer-liability (cash benefits) system.

Note: Primary, secondary, and tertiary health care services are provided in government health centers and public hospitals.

### Coverage

**Provident fund (medical benefits):** Private-sector employees, including apprentices; and certain public-sector employees not covered by a separate public-sector system.

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

Special systems for certain public-sector employees and military personnel.

**Employer liability (cash benefits):** Private-sector employees.

Exclusions: Self-employed persons.

Special systems for civil servants.

### Source of Funds

#### Insured person

**Provident fund (medical benefits):** See source of funds (provident fund) under Old Age, Disability, and Survivors.

**Employer liability (cash benefits):** None.

#### Self-employed person

**Provident fund (medical benefits):** See source of funds (provident fund) under Old Age, Disability, and Survivors.

**Employer liability (cash benefits):** Not applicable.

#### Employer

**Provident fund (medical benefits):** See source of funds (provident fund) under Old Age, Disability, and Survivors.

**Employer liability (cash benefits):** The total cost.

#### Government

**Provident fund (medical benefits):** See source of funds (provident fund) under Old Age, Disability, and Survivors. Subsidizes public health care services from general revenues.

**Employer liability (cash benefits):** None.

### Qualifying Conditions

**Cash sickness benefit (employer liability):** There is no minimum qualifying period. A medical certificate must be obtained from a registered medical practitioner or dentist.

**Cash maternity benefit (employer liability):** Must have been employed in the last four months and have worked for the same employer for at least 90 days in the last nine months before the expected date of childbirth.

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**Medical benefits (provident fund):** See qualifying conditions (health withdrawal, provident fund) under Old Age, Disability, and Survivors.

### **Sickness and Maternity Benefits**

**Sickness benefit (employer liability):** 100% of the employee's earnings is paid for up to 22 days with at least five years of service; up to 18 days with two to five years; and up to 14 days with less than two years of service. May be paid for up to 60 days if the illness requires hospitalization, regardless of the length of service.

**Maternity benefit (employer liability):** The employee's normal wage or the rate set by the Minister of Labour, whichever is greater, is paid for at least 60 consecutive days.

### **Workers' Medical Benefits**

**Medical benefits (provident fund):** Fund members may withdraw a portion of their account balance to cover the cost of medical care. See old-age benefits (health withdrawal, provident fund) under Old Age, Disability, and Survivors.

The Ministry of Health provides subsidized public health care services.

### **Dependents' Medical Benefits**

The Ministry of Health provides subsidized public health care services.

### **Administrative Organization**

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

Ministry of Health (<http://www.moh.gov.my/>) provides general supervision of medical benefits.

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**

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#### **Regulatory Framework**

**First and current laws:** 1969 (social security) and 2017 (self-employed persons).

**Type of program:** Social insurance system.

#### **Coverage**

Private-sector employees; public-sector employees not covered by a separate public-sector system; and self-employed taxi drivers and commercial drivers.

**Exclusions:** Household workers, spouses of business owners, certain self-employed persons, and foreign workers.

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

#### **Source of Funds**

**Insured person:** None.

**Self-employed person:** 13.10 ringgits to 49.40 ringgits a month, based on 30 wage classes.

The self-employed person may choose to pay his or her contributions annually.

**Employer:** 1.25% of monthly payroll, based on 45 wage classes.

There are no minimum monthly earnings used to calculate contributions.

The maximum monthly earnings used to calculate contributions are 4,000 ringgits.

**Government:** None.

#### **Qualifying Conditions**

**Work injury benefits:** Must be assessed with a work injury or occupational disease. Accidents that occur while commuting to and from work are covered.

#### **Temporary disability benefit (Disablement Benefit):**

There is no minimum qualifying period. Must be certified by a medical doctor to be unfit for work for at least four days.

#### **Temporary Disability Benefits**

##### **Temporary disability benefit (Disablement Benefit):**

80% of the insured's average daily covered earnings in the six months before the disability began is paid during the employee's medical leave.

The minimum daily temporary disability benefit is 30 ringgits.

The maximum daily temporary disability benefit is 105.33 ringgits.

#### **Permanent Disability Benefits**

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

The minimum daily permanent disability benefit is 30 ringgits.

The maximum daily permanent disability benefit is 118.50 ringgits.

Constant-attendance allowance (total permanent disability): 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 permanent disability pension is paid depending on the assessed degree of disability.

If the assessed degree of disability is less than 20%, the insured can request that the pension be paid as a lump sum. If the assessed degree of disability is at least 20%, the pension is paid monthly, though the insured may request to receive up to 20% of the pension as a lump sum.

Benefit adjustment: Benefits are adjusted based on 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 (Dependants' Benefit)**

**Spouse's pension:** 60% of the permanent disability pension the deceased received or was entitled to receive is paid to the widow(er). If there is more than one widow, the pension is split equally.

The spouse's pension continues upon remarriage.

**Orphan's pension:** 40% of the permanent disability pension the deceased received or was entitled to receive is paid to unmarried children (60% to full orphans) younger than age 21 (until the completion of a graduate degree, no limit if disabled).

**Other eligible survivors:** If there are no other eligible survivors, 40% of the permanent disability pension the deceased received or was entitled to receive is paid to parents (grandparents if the parents are deceased) and 30% to unmarried dependent siblings younger than age 21.

The minimum combined daily survivor benefit is 30 ringgits.

The maximum combined daily survivor benefit is 118.50 ringgits or 100% of the permanent disability pension the deceased received or was entitled to receive, whichever is less.

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

**Funeral grant:** See Old Age, Disability, and Survivors.

Benefit adjustment: Benefits are adjusted based on 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) (<https://www.perkeso.gov.my/>), managed by a tripartite governing board, administers contributions and benefits and contracts with health care providers for medical services.

### **Unemployment**

#### **Regulatory Framework**

**First and current law:** 2017 (Employment Insurance).

**Type of program:** Social insurance system.

#### **Coverage**

Private-sector employees aged 18 to 60.

**Exclusions:** Self-employed persons, casual workers, household workers, foreign workers, civil servants, farmers, spouses of business owners, and private-sector employees aged 57 or older on January 1, 2018 without previous social insurance coverage.

#### **Source of Funds**

**Insured person:** 0.2% of monthly covered earnings, based on 45 wage classes.

There are no minimum monthly earnings used to calculate contributions.

The maximum monthly earnings used to calculate contributions are 4,000 ringgits.

**Self-employed person:** Not applicable.

**Employer:** 0.2% of monthly covered payroll, based on 45 wage classes.

There are no minimum monthly earnings used to calculate contributions.

The maximum monthly earnings used to calculate contributions are 4,000 ringgits.

**Government:** None.

#### **Qualifying Conditions**

**Unemployment benefit (Job Search Allowance):** Must be younger than age 60 and have at least 12 months of contributions in the 24 months before the first claim, at least 18 months in the 36 months before the second claim, or at least 24 months in the 48 months before the third claim.

Must be registered as a job seeker at the employment service, be capable of and available for work, have no other sources of income, and accept suitable employment. Unemployment must not be due to voluntary leaving, misconduct, or expiration of a fixed-term contract.

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**Early reemployment allowance:** Paid to persons receiving the unemployment benefit who start a new job before the awarded benefit period ends.

**Partial unemployment benefit (Reduced Income Allowance):** Must meet the contribution requirements for, but not receive, the unemployment benefit, and have had multiple jobs but ceased working for at least one employer.

The partial unemployment benefit cannot be combined with the early reemployment allowance or the training allowance.

**Training allowance and training fees:** Paid to persons receiving certain unemployment benefits who comply with the attendance requirements of vocational or occupational training programs.

### **Unemployment Benefits**

**Unemployment benefit (Job Search Allowance):** The benefit is paid for three to six months, depending on the number of contributions before unemployment. 80% of the insured's average monthly earnings is paid for the first month of unemployment, 50% for the second month, 40% for the third month, and 30% for the fifth and sixth months (if applicable). The benefit is paid after a waiting period of seven calendar days.

Average monthly earnings are the insured's covered earnings in the last six consecutive months before unemployment began divided by the total number of months of contributions.

**Early reemployment allowance:** A lump sum of 25% of the remaining unemployment benefit may be paid.

**Partial unemployment benefit (Reduced Income Allowance):** A lump sum of 80% of the insured's average monthly earnings is paid for the first month of unemployment; 50% for the second month; and 40% for the third month.

Average monthly earnings are the insured's covered earnings in the last six consecutive months before unemployment began divided by the total number of months of contributions.

**Training allowance and training fees:** 10 to 20 ringgits a day, depending on the insured's previous earnings, is paid for up to six months.

Under certain conditions, the cost of additional training may be paid directly to the organization providing vocational or occupational training, up to a maximum of 4,000 ringgits.

Schedule of payments: The allowance is paid monthly.

### **Administrative Organization**

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

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