**INPUT FROM THE MINISTRY OF WOMEN, FAMILY AND COMMUNITY DEVELOPMENT**

**FOR**

**THE X SESSION OF THE OPEN-ENDED WORKING GROUP ON AGEING**

**Focus Area:** **Social protection and social security (including social protection floors)**

Overview

Malaysia has multiple institutions that perform different functions in the provision of social assistance, savings vehicles, and social insurance for the elderly. The principal provider of social assistance to the elderly is the Ministry of Women, Family and Community Development (MWFCD), which provides assistance to poor elderly living alone without sources of income. It also operates homes for the elderly and elderly day care centres.

The Employees Provident Fund (EPF), the largest contractual savings institution in the country, serves as a savings institution for private sector workers with labour contracts.

The Social Security Organisation (SOCSO) provides mandatory work injury, disability, and survivorship insurance for private sector workers.

The civil service pension scheme is administered by the Post Service Division of the Public Service Department and provides old-age, disability, and survivorship benefits for civil service employees.

Summary of the institutional framework for elderly financial assistance, savings, and social insurance is as below:

| **Institution & Main Programmes** | **Objective** | **World Bank Multi Pillar Pension Framework** |
| --- | --- | --- |
| Department of Social Welfare under the MWFCD   * Monthly financial assistance for the Older Persons * Institution for Older Persons * Activity Centres for the Older Persons | * Support to poor older persons living alone without sources of income * Support older persons to lead a healthy, active and productive lifestyle by providing infrastructure and services | 0 & 4 |
| Employees Provident Fund (EPF) | Mandatory retirement savings vehicle for formal sector workers | 2 |
| EPF   * i-Saraan | Voluntary retirement savings vehicle for the self-employed and do not earn a regular income | 3 |
| EPF   * i-Suri | Voluntary contribution with special government incentive for housewives who are  Registered in the National Database on Poverty | 3 |
| Private Pension Administrator Malaysia   * Private Retirement Schemes | Voluntary long-term savings and investment scheme for the employed or self-employed | 3 |
| Social Security Organisation (SOCSO) | Work injury insurance, disability and survivorship insurance | 2 |
| Public Service Department & Retirement Fund (Incorporated) (KWAP)   * Civil Service Pension Fund | Old age, disability and survivorship pensions for civil service retirees and their dependents | 2 |
| Veteran Affairs Department and Armed Forces Fund Board | Superannuation scheme for the armed forces | 2 |

Older persons are exempted from registration charge for out-patient consultation as well as for specialist consultation at all government hospitals and clinics. Older persons are also given 50% discount and up to maximum of RM250 for every admission at the third class wards at all government hospitals to enable older persons access to affordable healthcare.

The government has recently introduced an initiative whereby employees above the age of 60 do not have to contribute to the Employees Provident Fund (EPF), while their employers’ portion has been reduced to 4% monthly. The new minimum statutory rates will start with the contribution month of February 2019. The move to reduce the statutory contribution rates is following the government’s Budget 2019 proposal to increase the take-home pay of employees who continue to work after the age of 60. The reduction in employers’ share to a minimum 4% would also encourage employment opportunities for older person workers thus ensuring them to remain productive and active in the economy.

In addition, tax relief up to RM5,000 has been extended to those who are providing care for their elderly which includes cost of sending them to day care, cost of salary for maids who are hired specifically for the care of elderly and cost of purchasing daily needs such as disposable diapers.

The Malaysia Social Protection Council has been set up in 2016 to review and formulate a holistic social protection policy and blueprint for Malaysia.

Key issues and challenges

Some of the key issues and challenges in providing social protection for older persons include:

1. Program design not guided by structured policy framework;
2. Lack of monitoring and impact assessment on social assistance programmes;
3. Lack of comprehensive and integrated registry and information system on recipients for assistance provided by various ministries/agencies;
4. No universality in social protection;
5. Low savings among formal worker and insufficient fund for retirement;
6. Insufficient coverage for informal sector; and
7. Increasing burden for government on healthcare, social cost and pension fund.