

Move can improve financial preparedness among older Malaysians, says expert

KUALA LUMPUR: Retiring at 60 may leave many Malaysians financially vulnerable as the longer lifespans and rising cost of living strain most people's savings, an economist warns.

Universiti Putra Malaysia School of Business and Economics lecturer Associate Professor Dr Lee Chin said extending the retirement age to 65 could improve financial preparedness among older Malaysians, particularly civil servants.

"Allowing civil servants to remain in the workforce longer enables them to earn a stable income, contribute to their retirement savings and delay the drawdown of their pension or

Employee Provident Fund savings," she told the *New Straits Times*.

She added that the current cost of living and increased life expectancy made early retirement increasingly unsustainable, especially for those who had not accumulated enough savings to last 20 to 30 years post-retirement.

However, Lee said, any decision to raise the retirement age must be accompanied by efforts to retrain older workers and ensure workplace policies



Associate Professor
Dr Lee Chin

supported intergenerational balance.

Her remarks followed renewed discussions on whether the government should revise the statutory retirement age, currently set at 60, in light of demographic and economic changes.

On Tuesday, Minister in the Prime Minister's Department (Law and Institutional Reform) Datuk Seri

Azalina Othman Said suggested that the government should consider raising the retirement age to 65, citing the capability and experience of older workers.

Malaysian Society of Geriatric Medicine president Professor Tan Maw Pin said retiring at 60 no longer reflected the realities of a population that was living longer but remained financially unprepared for extended lifespans.

"With a rapidly ageing population and a shrinking workforce, we no longer have the luxury of retiring early.

"Many who retire at 60 risk running out of funds midway through retirement, which could make their final years extremely difficult," she said.

Tan said older adults without



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sufficient financial support might end up relying entirely on their adult children, placing additional pressure on younger families.

Beyond financial concerns, she said continued employment also provided mental stimulation, purpose, and social engagement — all important elements of healthy ageing.

"Work brings routine and keeps the mind engaged. Stopping work too early can lead to prolonged inactivity, which increases the



Professor Tan Maw
Pin

risk of cognitive decline and conditions such as dementia," she said.

Tan added that keeping the brain active helped strengthen neural connections and could prevent brain shrinkage.

"Many people rely on their work colleagues for social interaction and once retired, the risk of social isolation becomes

very real.

"Social isolation is as significant a risk factor for poor health as cigarette smoking."