Giving seniors a soft landing

'Better to ease older workers into retirement instead of raising age limit'

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PETALING JAYA: As Malaysia grapples with a rapidly ageing population, a phased retirement system for older workers to exit the labour market gradually than abruptly is being proposed.

Universiti Putra Malaysia's Malaysian Research Institute on Ageing (MyAgeing) research officer Chai Sen Tyng suggests that the government begin by piloting phased retirement in selected industries.

"It is better to give someone a staggered retirement rather than no work at all," he said when contacted.

Chai said the focus should not be solely on raising the statutory retirement age but on whether the labour market is conducive for older workers to remain employed.

"Singapore announced that the retirement age will be raised to 64 and re-employment age to 69. What we are proposing is to increase it gradually," he said.

Not all or nothing: (From left) Chai, Wong and Cheah.

Chai said if the government is hesitant to raise the retirement age immediately, Malaysia could adopt a re-employment scheme similar to Japan's.

"Basically when you retire, for example at 60, your current employer has an obligation to offer a contract employment for another three or five years," he said.

Chai said MyAgeing's analysis of labour force participation trends suggests that the Minimum Retirement Age Act 2012, which raised the retirement age in the private sector from 55 to 60, did not lead to sustained participation among older workers.

"While there was a one-time bump, labour force participation for those aged 55 to 59 did not continue to rise, and participation among those aged 60 to 64 was still declining overall," he said.

Chai said policymakers should examine possible factors behind the trend, including whether the Employees Provident Fund's full withdrawal age of 55 encouraged early exit from the workforce, or whether employers remained reluctant to hire older workers despite tax incentives.

Malaysia Healthy Ageing Society vice-president Dr Wong Teck Wee said the government should consider gradually raising the retirement age but cautioned that any policy shift must be part of a broader healthy ageing strategy.

"Raising retirement age should be linked to healthy ageing, lifelong learning and job redesign," he said.

Wong said while many older adults remain healthy and productive into their 60s, not all occupations were suitable for extended working life.

"There may also be concerns about youth employment, but in reality, economic growth and job creation matter more than retirement age alone," he said.

Wong said workforce restructuring, retraining and flexible roles – including part-time and phased retirement arrangements – would be essential if Malaysia decides to extend working life.

"The more important question is not simply how long people should work but how healthy Malaysians will be in their 60s."

Malaysia Coalition on Ageing chairman Cheah Tuck Wing said demographic changes mean Malaysia will eventually have to follow other countries in extending working life.

"Generally, most countries are raising the retirement age, not just Singapore, whether developing or developed countries. For Malaysia, it is just a matter of time," he said.

Cheah said retaining older workers allows companies to benefit from their experience and expertise, particularly as new technologies like AI reshape workplaces.

"Older people still have the capacity to learn," he said, adding that training programmes should be introduced for workers aged 50 and above.

Cheah dismissed concerns that extending retirement age would limit opportunities for younger workers.

"When older people return to the workforce, they often work in different capacities rather than compete directly with the young," he said.