Secure own savings first

Seniors urged to build retirement funds before helping family

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PETALING JAYA: While the i-Legasi Employees Provident Fund (EPF) facility offers members the convenience of transferring savings to a next-of-kin, those nearing retirement must first ensure their own financial security before carrying out such transactions, experts caution.

Financial planner Linnet Lee said transferors must prioritise saving for their retirement before even thinking about others.

The licensed director of Resolute Planning Sdn Bhd proposed EPF consider allowing transfers on a case-to-case basis for those aged 60 and above.

"Set up a committee comprising EPF retirement advice specialists, external licensed financial planners, private pension administrators and Social Security Organisation officers to review such cases.

"The committee's decision can be guided by the Retirement Income Adequacy (RIA) framework," she said, adding that such measures will ensure only elderly EPF members who are financially secure are allowed to use the i-Legasi facility.

Federation of Malaysian Consumers Associations (Fomca) secretary-general T. Saravanan said members must exercise caution and carefully assess their long-term financial needs before making decisions to transfer part of their savings to another.

"Retirees should keep their savings in their own EPF accounts for as long as possible, as this approach allows them to continue benefiting from dividend returns and the power of compounding interest.

"Maintaining sufficient savings is important to ensure financial independence and stability during retirement, especially in light of rising living and healthcare costs," he said, adding that financial manipulation, emotional pressure, and scams targeting senior citizens are a matter of concern.

Retirees, he warned, may be persuaded to transfer their savings prematurely and later find

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themselves financially vulnerable.

"Unfortunately, there are also increasing reports of neglected elderly individuals who are left without proper financial support after exhausting or giving away their savings," he said.

He reminded consumers that retirement funds are meant to serve as a long-term safety net, adding that retirees must be cautious and avoid making emotional or impulsive decisions when it comes to their savings.

The level of independence and care a person receives in their old age is determined by how financially secure they are, he said, while urging the EPF and relevant authorities to strengthen safeguards around the implementation of i-Legasi.

"These safeguards could include clearer financial advisory requirements, cooling-off periods, stronger verification processes, and awareness campaigns to educate members on responsible retirement planning and scam prevention," he said.

Bank Muamalat Malaysia Bhd chief economist Dr Mohd Afzanizam Abdul Rashid said allowing inter-generational transfers via i-Legasi helps young EPF members grow their savings so that they can reach the RIA Framework goals faster.

"This will help the young EPF members have adequate savings when they retire," he said.

Universiti Putra Malaysia's Malaysian Research Institute on Ageing (MyAgeing) research officer Chai Sen Tyng said retirees have many options as well as financial tools and instruments to manage their retirement savings.

i-Legasi, he said, is just an option, like i-Emas or any other non-EPF financial products and services.

"i-Legasi works because there is huge trust in EPF's reliability and abilities, but there are other tools available such as wills and trusts.

"The elderly must first think about themselves and their long-term care before looking into inheritance matters," he advised.

While calling for better legislative protection for seniors, he said i-Legasi can serve as a trust that benefits a spouse and adult children who are also EPF members.

"The only key risk is whether a retiree can give away too much prematurely," he said.